The Challenges to Democratization in the Global South:

The Political Economy of Regime Change, Class Struggles, and Class Alliances in Egypt (1952-2016) and Brazil (1930-2016)

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ABSTRACT

The Challenges to Democratization in the Global South:The Political Economy of Regime Change, Class Struggles, and Class Alliances in Egypt (1952-2016) and Brazil (1930-2016)

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This research adopts a cross-regional comparative historical and a political economy approach to democratization processes in the Global South. It explains why in Egypt (1952-2016) and Brazil (1930-2016) where calls for democratization and regime change were preceded by class struggles and an impressive wave of working-class activism, the Brazilian working class broke free from corporatism and built a broad and strong alliance with other struggling social classes while the Egyptian working class was not able to fulfill this objective. While Brazil transitioned to a democracy until 2016, Egypt experienced the rise of the military to power since 2013. These different outcomes are explained by embedding the questions of working class organizing and the absence or presence of broad inter-class alliances in the will of the authoritarian leaders to leave power or to entrench authoritarian rule, as well as the will of the military in particular to tolerate or repress opposition. The dissertation assesses this question of military tolerance of opposition or lack thereof, by looking at the institutional, foreign policy and economic interests of the military. The analysis puts the focus on the way such interests evolved under authoritarianism and the way the military was constituted and shaped by capitalism and hence by its relationship with the owners of capital and labor. The research contributes to the comparative democratization literature by pursuing a multi-disciplinary approach that combines theoretical insights from comparative politics, political economy, critical history and geography as well as the regional Latin American and Middle Eastern literature. It also expands the geographical scope of the academic conversation by examining the challenges of democratization in post-colonial societies and by incorporating cases from the Arab world that had been hitherto unexamined by the democratization and regime change literature. The research combines historical, archival research with qualitative research methods including interviewing and fieldwork. Fieldwork in the two countries extended over a period of 8 months between December 2015 and December 2016. Throughout this period of time, I have conducted 43 interviews with activists in the anti-corporatist labor movement, and social movements activists as well as experts who examined similar themes.

Acknowledgements

As I write the first words of this dissertation, a wave of mass mobilization had already hit my home country. Lebanon, which has been known for being divided along sectarian lines, has finally united over the struggles for social justice and human dignity. The crisis in Lebanon is not a crisis of a sectarian regime alone; it is a crisis of a rentier and neoliberal economy that had been sustained by a sectarian regime. The class struggle talk of a dispossessed majority facing an oligarchy of sectarian leaders who control political and economic life is what echoes the most in the streets today. While Lebanon's future is still unknown, this dissertation reflects on these themes in Brazil and Egypt that had equally experienced class struggles under authoritarian regimes. While my research emphasizes that context matters, the lessons drawn from this dissertation will help us to reflect on the challenges that Lebanese and other citizens around the globe are facing today as they struggle for human dignity and democracy.

The completion of this dissertation would not have been possible without the help, and support of a large number of people. First, I would like to thank my advisor and my committee members. Professor Jean-François Mayer, my advisor, constantly provided encouragement, guidance and all forms of support. Professor Mayer patiently read and commented on several drafts of this dissertation while challenging the way I thought about my dissertation and helping me improve it. Professor Ceren Belge and Professor Tina Hilgers helped me hone my critical perspectives and provided continuous support, guidance and encouragement. Professor Hilgers generously granted me a bursary to pursue my fieldwork in Brazil and Professor Mayer granted me Taships while in Brazil and Egypt. Concordia's Graduate Student Mobility award and the Political Science Department at Concorida generously supported my fieldwork in the two countries. Our program assistants: Julie Blumer, Tanya Volpe, Pat MacFarlane, Joanne Downs and Kathryn Rawlings, have all greeted me with a big smile and positive vibes and were always there to provide support when needed. I would also like to specially thank Stephen Cabilio from Concordia Univerity's Psychology department who helped me set up a safe space on the Concordia university server to store my data.

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Dedication

For Hania, Walid, and Ranya and their smiles

For all of those who risked their lives and carried their blood on their hands as they struggled for human dignity

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List of Abbreviations

Arab Democratic Nasserite Party	[ADNP]
Ação Libertadora Nacional (National Liberation Action)	[ALN]
Ação Popular (Popular action)	[AP]
Aliança Renovadora Nacional (National Renewal Alliance)	[ARENA]
América do Sul-Paises Arabes	[ASPA]
Arab Democratic National Party	[ADNP]
Arab Organization for Industrialization	[AOI]
Arab Socialist Union	[ASU]
Articulação Sindical (Union articulation)	[AS]
Balance of Payment	[BOP]
Banco Nacional de Desenvolvimento Econômico e Social (National Economic and Social Development Bank)	[BNDES]
Bolsa Família (Family Allowance)	[BF]
Brazilian Rural Society	[SRB]
Brigadas Populares (Popular Brigades)	[PB]
Bureaucratic Authoritarian	[BA]
Causa Operaria	[CO]
Central Agency for Public Mobilization and Statistics	[CAPMAS]
Central dos Trabalhadores e Trabalhadoras do Brasil (The Central of Brazilian Workers)	[CTB]
Central Geral Dos Trabalhadores do Brasil	[CGTB]
Central Única dos Trabalhadores (Unified Workers' Central)	[CUT]
Centre of Trade Unions and Workers' Rights	[CTUWS]
Centro de Informações do Exército (Army Information Center)	[CIE]
Comissão Pastoral da Terra (Pastoral Commission on Land)	[CPT]
Comparative Historical Approach	[CHA]
Comunidades Eclesiais de Base (Church Based Communities)	[CEBs]
Confederação Geral dos Trabalhadores (General Confederation of Workers)	[CGT]
Confederation of Agricultural Workers	[CONTAG]
Conferência Nacional da Classe Trabalhadora (National Conference of the Working-Class)	[Conclat]
Consolidação das Leis do Trabalho (Consolidation of Labor Laws)	[CLT]
Convergencîa Socialista (Socialist Convergence)	[CS]
Corrente Sindical Classista (Trade union classist current)	[CSC]
Conselho de Desenvolvimento Econômico e Social (Council for Economic and Social Development)	[CDES]
Conselho Nacional de Segurança Alimentar (Food Security Council)	[CONSEA]
CSP Conlutas – Central Sindical e Popular	[Conlutas]
Departamento de Operações de Informações - Centro de Operações de Defesa Interna (Internal Defense Operations Center–Operation and Information Detachment)	[DOI-CODI]
Departamento Intersindical De Estatistíca e Estudos SocioEconomicos (Interunion Department Of Statics And Socio-Economic Studies)	[DIEESE]
Egypt Independent Trade Union Federation	[EITUF]
Egyptian Armed Forces	[EAF]
Egyptian Center for Social and Economic Rights	[ECESR]

Egyptian Communist Party	[ECP]
Egyptian Democratic Labor Council	[EDLC]
Federação das Indústrias do Estado de São Paulo (Federation of Industries of The State of São Paulo)	[FIESP]
Força Sindical (Union Force)	[FS]
Foreign Direct Investments	[FDIs]
Fórum Nacional de Reforma Urbana (National Forum for Urban Reform)	[FNRU]
Free Officers	[FOs]
Freedom and Justice Party	[FJP]
Frente de Luta por Moradia (The Front for the Housing Struggles)	[FLM]
Fundo de Garantia do Tempo de Serviço (Fund for the Guarantee of Time in Service)	[FGTS]
Fórum Nacional do Trabalho (National Labor Forum)	[FNT]
General Egyptian Trade Union Federation	[GETUF]
General Intelligence Service	[GIS]
Gross Domestic Product	[GDP]
Import Substitution Industrialization	[ISI]
Instituto Brasileiro de Geografia e Estatística (The Brazilian Institute of Geography and Statistics)	[IBGE]
Instituto de Pesquisa Econômica Aplicada	[IPEA]
International Financial Institutions	[IFIs]
International Monetary Fund	[IMF]
Land Center for Human Rights	[LCHR]
Luz Para Todos (Light for All)	[LPT]
Minha Casa Minha Vida (My House My Life)	[MCMV]
Movimento Custo de Vida	[MCV]
Movimento Democrático Brasileiro (Brazilian Democratic Movement)	[MDB]
Movimento dos Trabalhadores sem Terra (Landless Peasants Movement)	[MST]
Movimento dos Trabalhadores Sem Teto (Homeless Workers' Movement)	[MTST]
Movimento Intersindical Antiarrocho	[MIA]
Movimento Nacional de Luta pela Moradia (The National Movment for The Housing Struggles)	[MNLM]
Movimento Revolucionário Oito de Outubro (The Revolutionary Movement 8 of October)	[MR-8]
Movimento por Uma Tendencia Socialista (The Movement for a Socialist Tendency)	[MTS]
Movimento de Esquerda Socialists (The Movement of the Socialist Left)	[MES]
Movimento Avançado Sindical (Advanced Trade Union Movement)	[MAS]
Movimento Terra Trabalho e Liberdade (The Land and Work Movement)	[MTL]
Muslim Brotherhood	[MB]
National Confederation of Agriculture	[CAN]
National Confederation of industry	[CNI]
National Democratic Party	[NDP]
National Front for Free Enterprise	[FNLI]
National Labor Forum	[FNT]
National Progressive Party	[Tagammu']
National Trade Union Department for Political Affairs	[DIAP]
National Thought of the Business Bases	[PNBE]

National Service Projects Association [NSPO]
Nova Central Sindical de Trabalhadores (New Workers' Central) [NCST]
Operaçáo Bandeirantes [OBAN]
Organization of Cooperatives of Brazil [OCB]
Partido da Causa Operária [PCO]
Partido Comunista Brasileiro (The Brazilian Communist Party) [PCB]
Partido Comunista do Brasil (Communist Party of Brazil) [PCdoB]
Partido da Mobilização Nacional (National Mobilization Party) [PMN]
Partido da Reconstrução Nacional (The National Reconstruction Party) [PRN]
Partido da Social Democrácia Brasileira (Brazilian Social Democratic Party) [PSDB]
Partido Democrático Social (Democratic Social Party) [PDS]
Partido Democrático Trabalhista (Democratic Labour Party) [PDT]
Partido do Movimento Democrático Brasileiro (Party of the Brazilian Democratic Movement) [PMDB]
Partido dos Trabalhadores (The Workers' Party) [PT]
Partido Frente Liberal (The Liberal Front Party) [PFL]
Partido Republicano Brasileiro (Brazilian Republic Party), [PR]
Partido Social Democrático (The Social Democratic Party) [PSD]
Partido Socialista Brasileiro (Brazilian Socialist Party) [PSB]
Partido Socialismo e Liberdade (Socialism and Liberty Party) [PSOL]

Partido Socialista dos Trabalhadores Unificado (Unified Workers' Socialist Party) [PSTU]
Partido Trabalhista Brasileiro (The Brazilian Labor Party) [PTB]
Pontifícia Universidade Católica de São Paulo [PUC-SP]
Popular Revolutionary Vanguard [VPR]
Programa de Aceleração do Crescimento (The Growth Acceleration Program) [PAC]
Programa Nacional de Desestatização (National Destatization Program) [PND]
Programa Nacional de Educação na Reforma Agrária (National Program for Education in Agrarian reform) [PRONERA]
Programa Nacional de Fortalecimento da Agricultura Familiar (The National Program for the Strengthening of Family Agriculture) [PRONAF]

Programa Universidade para Todos (University Program for All) [PROUNI]

Revolutionary Socialists [RS]
Rueschemeyer Stevens and Stevens [RSS]
Rural Democratic Union [UDR]
Santo André, São Bernardo do Campo, São Caetano do Sul [ABC]
Small and Medium Enterprises [SMEs]

Second National Development Plan [PND II]
Secretaria de Políticas de Promoção da Igualdade Racial (Secretariat for the Promotion of Racial Equality) [SEPPIR]
Serviço Nacional de Informações (National Intelligence Service) [SNI]
State Owned Enterprises [SOEs]
State Security Investigative Service [SSIS]

Superintendency for Money and Credit	[SUMOC]
Supreme Administrative Court	[SAC]
Supreme Constitutional Court	[SCC]
Supreme Council of the Armed Forces	[SCAF]
Sistema Único de Saúde (Unified Health System)	[SUS]
The National Thought of the Business Bases	[PNBE]
The Union of Brazilian Businessmen	[UBE]
Transnational Corporations	[TNCs]
União Democrática Nacional (National Democratic Union)	[UDN]
União Geral dos Trabalhadores (The General Union of Workers)	[UGT]
Union of Brazilian Businessmen	[UBE]
World Bank	[WB]

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Introduction

Introduction

In April 2017, a general strike paralyzed Brazil. I was in the middle of processing Brazil's lingering dilemma after spending five months there from August 2016 to December 2016 researching labor unions before and after Brazil's transition to democracy. My stay in Brazil coincided with the controversial impeachment of Brazil's democratically elected president, Dilma Rousseff of the Workers' Party. At the time, I met Maurício.[1] At 35, Maurício had worked for years in an Italian industry in Brazil's leading industrial hub, ABC (Santo André, São Bernardo do Campo, São Caetano do Sul). ABC was and still is hailed as the birthplace of a working class that rose boldly against one of Latin America's most brutal military dictatorships. Under this military dictatorship, which ruled from 1964 to 1985, Brazil witnessed an unprecedented wave of labor militancy that paralyzed the country and forced concessions from both the military regime and capital. It also culminated in the creation of a new labor federation, the Central Única dos Trabalhadores (CUT), and of the Partido dos Trabalhadores (The Workers' Party [PT]).

At the time, CUT and the PT adopted a classist democratic approach that challenged the military regime's pact with capital, pushed forward an alternative economic model, and suggested a new alliance and active participation of Brazil's formal working class, residents of the urban peripheries, landless rural workers, leftist activists, and intellectuals, as well as members of the progressive Church. The PT, in particular, by emphasizing the intersection of class, race, gender, and sexuality, constituted an alternative and counter-hegemonic party to a military bourgeois alliance dominated by elite men of western descent. In this respect, it was not a traditional workers' party: it also presented itself as the ultimate proponent of those who were marginalized based on class, race, gender, and sexuality. In the post-transition phase (1985-2002), the PT played a seminal oppositional role under the mandate of successive neoliberal presidents, holding civilian leaders accountable and, along with CUT, resisting the deepening of neoliberal reforms. When the PT finally managed to access political power between 2003 and 2016, democracy deepened with the erection of participatory and inclusionary mechanisms and policies that incorporated those who had previously been excluded from decision-making and by socioeconomic redistribution.

[1] The real names of the participants have been changed to protect their identities.

Maurício hailed specifically from the working-class generation that benefited from the PT's redistributive policies and social programs. While his forefathers had worked to restore a sense of dignity to a working class that was bearing the brunt of dehumanization by capital and a complicit military regime, Maurício developed a sense of pride in his working-class identity and the upward social class mobility that he enjoyed under PT rule. However, such gains did not last as in August 2016, Rousseff was impeached. Her vice-president and successor, Michel Temer, had no qualms about attacking Brazil's poor, the working class, or citizens in general. As soon as he assumed power, Temer launched an attack on Brazil's labor code and enacted a series of constitutional reforms that froze public spending on health and education, deeply affecting lower- and middle-income earners. In fact, by 2017, the unemployment rate reached one of its highest levels in Brazil's history, at 14.5%.[2] It is against this background that the current far-right president, Jair Bolsonaro, a former captain and supporter of the military regime, was elected in October 2018 (Chagas-Bastos 2019, 93). Bolsonaro promised to put Brazil back on a neoliberal track; attacked women, the LGBT community, and the Native population; promised pension reforms that would burden the working class by increasing the retirement age; and cut public spending (Gonzalez and Leme 2019).

Neoliberalism under the generals is haunting not only the Brazilian working class, but the Egyptian working class as well, in the wake of its 2013 transition to military neoliberalism. In Egypt, the working class struggled to resist neoliberalism for decades under Hosni Mubarak, a fight that continues to this day. The horizontal spread of strikes delegitimized Mubarak's regime and during the 2011 revolution, a general strike paralyzed Egypt and brought about his quick removal by the military. However, Egypt after Mubarak underwent one of its most troubled periods, culminating in the re-emergence of a brutal military dictatorship. El-Sisi deepened military neoliberalism, reinvigorated military intelligence, and initiated a prolonged siege on the Egyptian working class and the forces that had participated in the 2011 uprising, pursued the implementation of neoliberal reforms as recommended by the IMF and WB and deepened the expansion of the military economy. Under El-Sisi, strikes were banned, and workers faced military tribunals for merely demanding the betterment of wages and basic workplace safety. The few spaces that existed to support workers in their struggles were shut down entirely in the wake of draconian measures such as the "civil society law" that tightened

[2] See for example the World Bank data on Unemployment: https://data.worldbank.org/indicator/SI.POV.NAHC?locations=BR (accessed July 18th, 2019)

security's grip over civil society organizations.[3] Workers lost many of the voices that had expressed solidarity with them. Activists, lawyers, and journalists languished behind bars. Academics and researchers who expressed an interest in the working class did not escape military brutality.

Amid news of forced disappearances, torture, and killings, the struggles of Egypt's working class faced a media blackout. While in Egypt between December 2015 and February 2016, I met Sami, who worked for the food industry in Alexandria, Egypt's second-largest city. Sami is a working-class activist who refused to be co-opted by either capital or the state. Along with a group of fellow unionists and like-minded independent activists, he created Alexandria's Permanent Council, a regional council, pushing for the democratization of state and labor relations and the legalization of independent unions in post-2011 Egypt. Sami and I exchanged messages, and we also developed a strong friendship that made me aware of the struggles of the working class in Egypt. In April 2016, he was chased by the security apparatus and was laid off from his job for being unwilling to relinquish his activism. His house was raided, and his older son was arrested. Struggling with uncertainty and under tight security surveillance, Sami resolved to work for a lower salary in a precarious job. He fixed yacht engines in an environment where even asking for workplace security and basic labor standards was a luxury. Nevertheless, he also did not give up his right to be reinstated. As of January 2018, he battled with his employer, demanding his reinstatement. In March 2018, I received a message from him. Sami and his friends had resolved to work in the tourism industry. They operated a small company organizing trips around Egypt's Hurghada. He never told me whether the business went well, but he assured me that he would continue to pursue his struggle to be reinstated. Sami was lucky in comparison to his colleagues. Egypt's militant working class faced an aggressive regime strategy that substituted their labor power with the free labor power of military conscripts. Forced unemployment urged many skilled workers to turn to garbage collection, to cleaning the windows of Egypt's coffee shops, or, in the best cases, to immigrating to neighboring countries.

In September 2019, El-Sisi's regime came under attack by his former allies and supporters from the business community. Allegations of military corruption and of an expansive military economy that had sidetracked private investors and imposed strict measures such as prohibiting capital to travel abroad were conjoined to the growing

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[3] See for example : Amnesty International "Egypt: NGO Law Threatens to Annihilate Human Rights Groups," *Amnesty International* 2017. https://www.amnesty.org/en/latest/news/2017/05/egypt-ngo-law-threatens-to-annihilate-human-rights-groups/; "Egypt Must Repeal Its Repressive NGO Law," *Amnesty International* 2018. https://www.amnesty.org/en/latest/news/2018/11/egypt-repeal-draconian-ngo-law-following-presidents-calls-for-review/.

dissatisfaction and marginalization of the majority of the Egyptian population. As El- Sisi promoted a discourse that stressed the necessity to pursue austerity measures to bring back economic growth to Egypt, he presided over the impoverishment of many with the national poverty levels reaching one of their highest in years. El-Sisi's military neoliberalism opened avenues for self-enrichment for himself and for senior military officers (Al Ahram 2019; Middle East monitor 2019). Consequently, Egyptians have reclaimed their right to protest and took to the streets once again in September 2019 demanding his departure and raising the same unmet revolutionary slogans of bread, freedom and social justice. While it is too soon to tell whether the general will be toppled by mass mobilization, it is clear that El-Sisi's *delegative authoritarianism* – a form of authoritarianism that emerged in light of the popular mobilization that had called on El Sisi to end the Muslim Brotherhood rule - (Chapter 4) that had been supported by millions of Egyptians is starting to run its course.

While pursuing this research project, my primary objective was to give voice to Mauricío and Sami, their colleagues in the formal and informal sectors, and the dispossessed and marginalized by authoritarian capitalism. They, I argue, are the lead protagonists of social and political change in Brazil and Egypt. In order to give voice to these and other members of subordinate classes, this research project uses a comparative historical and political economy approach. It investigates the capitalist transformations in post-populist Egypt and Brazil and the effects of such economic transformations on both the dispossessed and marginalized social classes and the owners of capital.

Comparing Egypt and Brazil, and The Central Puzzle

This project is inspired by the political economy, cross-regional, and comparative historical approach to democratization and regime change articulated by Rueschemeyer Stevens and Stevens (Rueschemeyer, Huber, and Stephens 1992) (hereafter RSS). It borrows from the RSS (1992) approach their central focus on how capitalist development shapes prospects for democratization and regime change but it also updates the model by examining the challenges of democratization under neoliberalism. The project also expands the geographical scope of the scholarly conversation on democratization and regime change by testing the propositions of the comparative democratization literature in the case of the Arab world that had been untouched by such theories (See Chapter 1). As Bunce (2003) argued, such a cross-regional approach invites

"stepping outside our familiar terrain [which] often alerts us to new factors and new relationships—more generally, new thinking, to borrow from Gorbachev. As already suggested, this is not just a matter of reaping intellectual benefits from the liberalization of trade among scholarly cultures. This is also a function of the new issues that additional cases often introduce" (Bunce 2003, 167).

Egypt and Brazil were chosen because they exhibit variation on the independent (economic model) and dependent variables (democratization success until 2016 in Brazil and militarization in Egypt since 2013). Furthermore, the two countries are the largest in the Arab world and Latin America respectively, and in the two countries, the military played an instrumental role in overseeing the country's modernization and industrialization. Compared to other Arab countries, Egypt is one of the few places where the predominant religion is Sunni Islam and where society is not segmented along sectarian or tribal lines (unlike Yemen, Lebanon, Iraq, Syria, Libya, Algeria, and Morocco), which reduces the possibility of other causal variables.[4] Given also the thrust of the line of argumentation in this dissertation, which is inspired by conceptions of democratization as a struggle for class power pitting capital and labor against each other, the Brazilian case stands out as ideal for comparison with Egypt. Brazil is home to the largest union affiliations and the largest Workers' Party in Latin America. In Brazil too, workers have made their way to power with the PT ruling the country between 2003 and 2016. The PT's rise to power also paves the way for a better understanding on whether democracy deepens and socio-economic redistribution improves as workers made their way to power and whether the balance of class power shifted in favor of the poor and the working class. Finally, while not all transitions from authoritarianism have been preceded by class mobilization, Egypt and Brazil share this common history of class struggles under authoritarianism (Egypt 1981-2011; Brazil 1964-1985) that de-legitimized their respective authoritarian regimes which also makes an interesting comparative case to understand the diverging outcomes.

The project, therefore, offers a political economy approach to understanding why, in the context of two countries that witnessed an upsurge of working-class militancy that inspired other social classes to organize and mobilize, the working class in Brazil was able to build a broad alliance bringing about an end to military rule and democratization of authoritarianism,

[4] Despite the cultural differences, this dissertation is a response to and a critique of culturalist interpretations of democratization or lack thereof. It challenges the culturalist and orientalist generalizations that have attributed the absence of democracy in the Arab world to Arab and Islamic culture (Lewis (1990)) or the absence of the "political cultures of opposition" (Slater 2009). Instead, the dissertation attributes the difference in the outcomes to the ways in which these countries have been integrated into the capitalist economy and how this integration affected prospects for social class organization and mobilization.

while in Egypt the leadership of the independent labor movement was not able to forge a broad alliance of social classes and the entrenchment of military rule took shape in post-Mubarak Egypt.

I argue that the weakness of inter-class alliance formation and the cooptation of the leadership of the labor movement in Egypt by the Egyptian military derailed the country's prospects for democratization. In Egypt, the weakness of inter-class alliances has to be understood in light of both the nature of the transition away from Mubarak's rule and the absence of shared spaces of activism that could have enabled the rise of such inter-class alliances. In Egypt, Mubarak was not willing to leave power; rather, he entrenched his authoritarianism, a condition that left very little time and space for the dispossessed and disenfranchised classes to politicize their struggles in party, social movement, and union formation. In Egypt, the transition from Mubarak's rule to the transitional government under SCAF was quick, and spontaneous extending over less than a month, whereas in Brazil the transition from military to civilian rule extended for over a decade (1974-1985). In Egypt, although independent unions and independent federations emerged, they were non-representative of the entirety of the working class. Furthermore, no parties that could represent the entirety of the struggling social classes under Mubarak's authoritarianism emerged.

Also in Egypt, the organized religious groups that could have played a mediating role between social classes did not assume this role because they had accommodated neoliberalism and authoritarianism. As for the cooptation of the independent labor movement in Egypt, it must be understood from the perspective of the military's successful strategies tailored to preserve its long-term foreign policy, institutional, and economic interests, and the military's ability to exploit the divisions between the oppositional forces that had mobilized in the 2011 revolution. Such military interests did not express a drift away from Mubarak's policy lines but rather sought to deepen the role of the military in the economy and in politics so that the generals could reap the benefits of neoliberal capitalism in post-Mubarak Egypt. For the military, it was thus unimaginable that they would tolerate working class organizing that could yield to a substantive democracy that would in turn challenge their interests.

In Brazil, in contrast, inter-class alliances were strong and an independent labor movement shielded itself from cooptation by the military and the elites. At the time in which the anti-corporatist labor movement, the new unionists, emerged in Brazil, the military was in power. The military was willing to enable a transition to civilian rule to protect its long-term institutional interests and to preempt calls for public retribution. This military decision was

governed by the fact that the military had lost legitimacy as it presided over one of the worst economic crises the country had ever seen. The military decision to pursue political liberalization followed by a slow transition to civilian rule gave time and space for the labor movement to politicize its demands and to build a broad alliance with the informal working class, the peasants, and the students' movement. This broad alliance also benefited from the catalyst role played by the progressive Church under the influence of Liberation Theology, which had drawn some members of the Church more closely to the subordinate classes and aided them in pursuing constant mobilization and organization amid heightened repression. The breadth and the strength of the alliance and a labor movement refusing to bow to the military and the elites would delegitimize the military regime and expand the parameters of democratic citizenship in post-military Brazil.

In order to illustrate these arguments, this dissertation adopts a comparative historical approach (CHA) to trace the shifts in the capitalist transformations in Egypt (1952-2011) and Brazil (1930-1985), the way this development shapes both structural arrangements, and the prospects for the success and failure of regime change in the two countries. I adopt a comparative case study approach, combined with interviews with union leaders and social movement activists in the two countries to show that both (a) experienced late industrialization under populism, (b) witnessed an upsurge in workers' activism as a result of changing economic policies and a deepening of authoritarianism, and (c) experienced as a result wider avenues for further mobilization among other disenfranchised and disenchanted social classes, i.e. the urban poor, the peasants, and a downwardly mobile middle class, by calling for a betterment of their living conditions and regime change. Both also witnessed (d) the emergence of anti-corporatist labor organizing that promised regime change. Despite these similarities, the two cases exhibit important variation on the independent variables (economic development), variation on the intervening variable (class mobilization, class organization and inter-class alliances) and the dependent variable (regime change).

My dissertation makes three contributions to the field of comparative democratization. Firstly, it brings into conversation several disciplines that have addressed the emancipatory power of class struggles but have not yet engaged in conversation with each other. I adopt a multi-disciplinary approach to democratization processes, borrowing from the work of sociologists, historians, geographers, and political theorists to understand the dynamics of late capitalism in the Global South and the ways in which these dynamics ushered in the class struggles that have become linked to regime change. While the existing comparative historical approach rightfully points to the role of subordinate classes in regime change, it remains

anchored in a traditional contradiction between capital and labor that ensues from the large concentration of workers in big industries. As a result, it does not take into consideration the emancipatory potential of class struggles and class alliances under neoliberalism. My research does not displace this critical contradiction between capital and labor. However, I argue that under neoliberalism the conflict between capital and labor needs to be complemented by an analysis of how the informal sector and other social classes have resisted both the stealing away of their rights and their dispossession, as David Harvey (2003; 2007; 2014) suggested. Consequently, I update the argument in the RSS (1992) account, which emphasizes that it is when the workers forge a strong alliance with the middle class that democracy comes about. In this dissertation, I argue that the alliance needs to be broad to include the struggling and dispossessed social classes under austerity including the urban poor, the peasants and the downwardly mobile middle class.

While Harvey, a leading critical geographer, contributed to an understanding of the contradictions of neoliberal capitalism, his approach does not explain how those affected by such processes could organize and rise defiantly against neoliberalism. Sociologists (Wright 2009) have similarly focused their attention on questions of domination and exploitation of labor power, but they have not linked this process of exploitation to the question of working-class agency. My approach combines these seminal contributions to account for the contradictions of structural adjustment measures, the forms of resistance led by the subordinate classes under austerity measures, and how such subordinate classes coalesce to challenge the systems that thrive from their marginalization, exploitation, and dispossession. Based on this multi-disciplinary approach, this dissertation raises some questions that help us to better account for the relationship between capitalist development and democratization processes.

Secondly, in pursuing a comparative approach to regime change in Brazil and Egypt, I show how the scholarship on the Latin American case of regime change helps explain the phenomenon emerging in the Arab world, which has experienced a challenge to decades of authoritarianism since December 2010. Thirdly, in pursuing this cross-regional perspective, my project extends the geographical scope of the democracy and democratization literature by contributing a comparative study of regime change in the Global South and shedding light on conditions leading to the success and failure of such transitions.

Definition of Concepts

A democratic regime, according to Robert Dahl (1971), is a regime responsive to ordinary citizens and incorporates mechanisms that pave the way for citizens' political participation that can also hold those at the helm of political power accountable. Hence, democratic citizenship signifies the ability of citizens to articulate their preferences to their fellows and their governments (Dahl 1971, 1) and the government's responsiveness to citizens, who are considered as political equals. Democratic countries are therefore the ones that offer for their citizens "freedom of expression, association, the right to vote, eligibility for public office, alternative sources of information, free and fair elections and institutions for making government policies dependent on votes" (Ibid). As a political regime,[5] a democracy with all its variants is also characterized by the "rule of law" and a set of institutions that mitigate and resolve conflicts with minimal coercion (Linz and Stepan 1996).

Although Dahl elaborates on the mechanisms of accountability and equality, his approach does not address how control over economic resources sets limits for the practice of political citizenship which in turn shapes the responsiveness of the state to its citizens (Jonas and Stein 1990; Karl 2000; Rueschemeyer 2004). In this dissertation, classes – the social relations that people form among each other in a capitalist economy – play an important role in determining the power and the privileges of individuals in society at large and in the practice of democratic citizenship. For example, the dominant classes acquire social and political power through their command over economic resources. The elites also control the production of knowledge and culture and shape the views of subordinate classes. Economic inequality also affects the practice of political rights such as electoral campaigns, voting patterns, the ability to participate in governments, and the ability to lobby for specific policies (Rueschemeyer 2004). Hence and by placing class at the heart of democratic citizenship, one can better understand how the struggles for socio-economic equality and rights trump the struggles for a democratic and inclusive citizenship.

Transitions are "the interval between one political regime and another […] They are delimited on the one side, by the launching of the process of dissolution of an authoritarian regime and on the other by the installation of some form of democracy, the return to some form of an authoritarian rule or the emergence of a revolutionary alternative" (O'Donnell et al. 1986, 6). Transitions from authoritarian rule are crucial moments as they yield to the

[5] "Regime […] refers to the rules (formal or not) that govern the interactions of the major actors in the political system. The notion of regime involves institutionalization, i.e., the idea that such rules are widely understood and accepted, and that actors pattern their behavior accordingly" (Mainwaring 1989, 4).

negotiation of new political structures and social pacts between contending factions (Ibid; Karl 1990).

In this dissertation, the transitions from authoritarianism[6] and the democratic struggles that underlie them are "struggles for class power" between the dominant and the subordinate classes over the right to rule (RSS 1992, 5 and 47). Also in the RSS (1992) account, democracy will bear fruit only when the subordinate working class' organizational capacity rises to a level where it can challenge the hegemonic economic and ideological structures of the dominant classes (Huber, Rueschemeyer, and Stephens 1993, 74). I borrow from the RSS (1992) approach but I expand on their definition of "class power." In the RSS (1992) approach, "class power" refers to the density and the organizational capacity of social classes (RSS 1992). In this dissertation, an assessment of class power does not stop at the organizational capacity and the density of social classes but it also takes into consideration how the subordinate classes are positioned in the economic and political spheres of the post-authoritarian regimes. To this end, I pursue a political economy of the post-authoritarian phase to better understand the way power relations are negotiated and whether the subordinate classes have been empowered in the post-authoritarian phase.

Research Questions, Sub-Questions, and the Structure of the Argument

This research connects a macro-economic, macro-historical approach to political economy, regime types, and state-society relations with a meso-level analysis of contestations and resistance to authoritarian capitalism at the industry/community/workplace levels. My first objective is to determine the social classes that play a protagonist role in democratization processes, the reason(s) why they challenge authoritarianism, and the inter-class alliances needed for its dismantling. My second objective is to understand why the military overwhelmed the democratic and the revolutionary forces in Egypt only two years after the 2011 revolution, while anti-democratic forces were brought to a halt for nearly three decades in Brazil. To answer the aforementioned puzzles, I proceed in three consecutive steps that make up the entirety of the argument in the dissertation.

[6] I adopt Linz's definition of an authoritarian system characterized by "limited, not responsible, political pluralism, without an elaborate and guiding ideology… without intensive nor extensive political mobilization except at some points in the development, and in which a leader or occasionally a small group exercises power within formally ill-defined limits but actually quite predictable ones" (Linz 2000, 159).

Step One: Political and Economic Transformations in Populist and Post-populist Brazil (1930-1964) and Egypt (1952-2011)

In the first step, I proceed by answering several sub-questions: What forms of regimes emerged to support capitalist transformations in Egypt and Brazil? What class alliances did populist and post-populist leaders pursue to implement their preferred economic models? What state functions were erected and what forms of state-society relations emerged? What were the effects of economic restructuring on the material and organizational power of capital and labor?

Answering these questions necessitates analyzing the political and economic transformations that shaped populist and post-populist Egypt (1952-2011) and Brazil (1930-1985) to analyze their effects on class structures, class organizing, and the political and economic conditions for contending social classes, namely the dominant/business community and the formal/informal working class.

I adopt a historical structural approach focusing on a discussion of the economic models adopted, and the way they shaped political outcomes leading to the emergence of specific forms of authoritarianism that in turn were cemented by authoritarian pacts, bringing winners from these economic models into an alliance with the authoritarian rulers. Furthermore, I trace how state functions emerged and were upgraded to respond to the needs of the social classes that made up these pacts and how social engineering (namely state corporatism) was adopted by populist and post-populist rulers to undermine the potential of independent class organizing or to tame resistance from those who were left at a clear disadvantage by these economic models.

In this dissertation, the political and economic interact together. The central independent variable remains the economy as it determines political outcomes and shapes society. The state is constituted by the capitalist economy (O'Donnell 1978; 1979; Hanieh 2013) but the state and the regime also use the realm of economic policymaking to entrench authoritarian rule and to guarantee regime survival (Cammett et al. 2015; Brynen et al. 2012). In the Arab world, the economic transformations were born from a combination of the contradictions of the previous economic phase as well as from the quest of authoritarian rulers to upgrade their authoritarian rule and maintain their hold on power (Ibid).

As I highlight the effects of economic and political transformations on the material and living conditions of the poor, the working class, and capital, I analyze how the authoritarian regime engineered its relationship with capital and labor to serve the specific form of authoritarian capitalism. This allows me to reflect on how such relationships were

transformed and became vulnerable for transformation ultimately paving the way for the de-legitimization of the authoritarian regime.

I attend to the relationship between the state and labor organizing under authoritarianism, by disaggregating the varieties of state corporatism that emerged in the two cases from a political and legal perspective. The disaggregation of corporatism allows me to better understand the transition from a populist corporatism to Bureaucratic Authoritarian (BA) corporatism under military rule in Brazil, which became vulnerable for transformation from within. It also allows me in the case of Egypt to account for the transition from populist to neoliberal corporatism, which was weakened by neoliberal restructuring but was more difficult to conquer given that corporatism in Egypt, unlike Brazil, was tied to the ruling party. This strategy immediately criminalized all other political identities and forced them to work outside the official union structure. Compared to their Brazilian counterpart, the anti-corporatist unionists were left with very few resources and organizational capacity that would in turn set limits for their capacity to renegotiate state and labor relations in post-Mubarak Egypt.

On the relationship between the regime and the business community, I argue that the disintegration (or lack) of a pact that brings together the business community and the authoritarian regime and the state, weakens authoritarianism, to the advantage of the dispossessed and disenfranchised social classes, democratization's lead protagonists. There are, however, several plausible scenarios discussed below (see the table, Business and Military Autonomy).

In a context where the business community is dependent on the authoritarian regime, with the authoritarian regime rewarding them with privileges and boosting their investment interests, businesses will continue to side with the authoritarian structure. However, the capacity of the dependent business community to sustain the authoritarian structure is also related to the question of the military's autonomy or lack thereof from the regime. In a context where both the business community and the military depend on the regime in place, the prospects for regime change are grim (e.g. Syria in 2011/2012). If, however, the military is autonomous from the regime but has developed economic interests of its own that are at odds with the state-dependent business community, the calls for regime change can end up with the militarization of politics. This case is, for example, the one we see in Egypt, where the military was neither tied by blood nor ethnicity to the Mubarak regime; it did not play a direct role in repressing public dissent under Mubarak, but it also took advantage of his coup-proofing strategy to expand its control over local governance and its economic ventures. In

this context of a state-dependent business community and an autonomous military, the military enabled the removal of Mubarak, but it did not then retreat to the barracks, as it continued to have an eye on expanding its economic ventures, reaping the benefits of neoliberalism in post-Mubarak Egypt.

On the other hand, if the local business community does not benefit from the authoritarian structure or they see that their interests are compromised under authoritarianism, they will no longer have an interest in maintaining the authoritarian regime. The business community can, in this case, distance itself from the authoritarian coalition, bringing about its disintegration and paving the way for delegitimizing authoritarianism. This outcome again, depends on the roles that the military assumed under authoritarianism and the interests that it has developed over years of authoritarian rule. If the military has been in power and has been charged with overseeing capitalist transformations, as is the case for 1964-1985 Brazil, the military will then enable a transition to civilian rule to protect its long term institutional interests (budgets, appointments, military industries) and to shield itself from public retribution in a context where it has been directly involved in repressing dissent. The following matrix summarizes these findings.

Table1 : Business and Military Autonomy From The Regime

	Military regime Or if the Military is Dependent on the Authoritarian Regime	**Military Autonomous from authoritarianism**
Businesses Dependent on authoritarianism	No regime change (Example Syria 2012)	Two scenarios: Depends on the roles assumed under authoritarianism and the military's institutional, economic and FP interests of its own. a) Autonomous and expansive military, militarization of politics (Example Egypt 2011)

		b) Small and constrained military (Example Tunisia 2010/2011), then regime change
Businesses autonomous from authoritarianism	If military in power and as an institution has high stakes in ending authoritarian or military rule, then chances for transitioning to the civilian rule are high (Ex 1985 Brazil)	

Step two: Delegitimizing Authoritarianism: The Social and Political Mobilization

This step constitutes the heart of the analysis of the struggles under authoritarianism. It seeks to account for and identify the social classes that played the most important role in democratization processes. It therefore extends the analysis to explain the effects of such political and economic transformations on subordinate class mobilization and organization under authoritarianism. More specifically, the second step links class mobilization, class organization, and inter-class alliances to the pressure for democracy. I therefore answer the following questions: What forms of class struggles emerged, and who were their leading protagonists? What roles did the dispossessed and disenfranchised classes play in the struggles for democracy? Did alternative forms of class organizing and inter-class alliances emerge and if so, what forms did they take?

I trace the class struggles resulting from two critical contradictions of capitalism: accumulation in the production process and accumulation by dispossession (Harvey 2007). The struggles led by the formal working class at the workplace level are born from the process of exploitation and domination at the workplace and remain a central focus for the

study of class struggles that usher in demands for regime change. My analysis moves away from the traditional leftist/Marxist perspective. This perspective has remained focused on the processes of industrialization and urbanization and on prospects for emancipatory working-class politics. In this view, the enlargement of the working class, as a result of deepening industrialization, allowed for their empowerment as workers, strengthened their capacity to organize and disrupt the economy, and forced losses on the dominant classes (RSS 1992; Mitchell 2013). Such processes are salient and especially crucial in the context where the modes of production continue to be premised on a large concentration of workers in big industries. This premise was prevalent in both military Brazil and populist Egypt, but it came under attack in neoliberal Egypt and Brazil. Such transformations invite us to rethink the democratizing potential of the working class but also to reflect on the breadth of the inter-class alliances that are necessary to bring a challenge to neoliberal authoritarianism as neoliberalism engenders new forms of precariousness and increases unemployment, informality and temporary work.

By illustrating the contradictions in the production process, I pay attention to three processes that are born from formal working-class mobilization and that contribute to the delegitimization of the regime. Firstly, working-class strikes can trigger mass mobilization across different geographical regions and across different work categories. Secondly, working-class mobilization democratizes labor relations at the industry/workplace level, which is a direct response to the tightening of state corporatism under authoritarianism. Experiences of direct democracy at the workplace act as a model for grassroots participatory democracy and can inspire a horizontal cross-class alliance. Thirdly, these horizontal ties and experiences of participatory democracy at the factory level politicize the discourse around social and economic rights and ultimately pave the way for the possibilities of renegotiating citizenship away from a simple focus on liberal freedoms to incorporate social and economic demands that remain at the heart of democracy as a struggle for class power (Arslanalp and Pearlman 2017; Riethof 2018).

By combining the analysis of the contradictions in the production process with the struggles born under the process of "accumulation by dispossession," the stealing away of previously-acquired rights and privileges (Harvey 2007), I embed working-class resistance that takes place as a result of workplace exploitation in struggles over daily life. As David Harvey argued, the working class is not only exploited in the production process, but the realization process as well. Workers are not only alienated from themselves at the workplace; they are dispossessed of their rights for a decent living (Harvey 2013). This observation by

Harvey opens avenues for other forms of class struggles that do not necessarily take place at the workplace, expanding it to the community level and across different social classes that have borne the brunt of accumulation by dispossession. It is also in line with Karl Polanyi's observation that social resistance in a market economy does not necessarily take place only at the factory level but also at the level of the community (Polanyi 2001).

While the working class breaks fear barriers under authoritarianism and delegitimizes authoritarian rule, it is when the dispossessed formal working class inspires other classes, such as the urban poor, the peasants, and the disenfranchised middle class, into sustained forms of class organizing that prospects for inter-class alliances emerge. The struggles led by residents of urban peripheries are crucial to mounting a project counter-hegemonic to the regime in power. Demands for salubrious housing, land reclamation, access to state services, and lowering the costs of living widen the circle of contention and bring to the fore issues that can affect ordinary citizens struggling with the process of accumulation by dispossession. Confrontation with the security apparatus that criminalizes their informal economic activity opens avenues for challenging the regime's capacity to deprive all citizens of their civil and political rights.

Furthermore, with the adoption of austerity measures, a state-dependent middle class experiences downward social class mobility that ensues from downsizing the state, cutting wages and social spending. As a result of the downward social mobility, civil servants rise against the stealing away of their privileges. Their struggles under authoritarianism hit a critical nerve of the regime, i.e., the state bureaucracy, and threaten to dismantle the regime from within. Finally, as structural adjustment measures take place only when repression deepens, the struggles for human rights and freedoms are viewed in tandem with the struggles for the betterment of living standards.

So far, the discussion has focused on the process through which the disenfranchised and the disenchanted social classes under capitalism delegitimize authoritarian rule, break fear barriers, and engage in a horizontal practice of citizenship. The discussion is not complete without taking into consideration whether these social classes succeed in politicizing their demands in alternative forms of organizing (parties, unions, and social movements). From the perspective of democracy as a struggle between contending social classes, it is essential to consider whether the working class and their allies have been able to coalesce in alternative institutions and to insert themselves as bargaining partners after decades of marginalization and exclusion under authoritarianism. The success of this next step is not only governed by the organizational and mobilization capacity of the working class but also by the will and the

capacity of the authoritarian regime to leave political power and the military's tolerance of the opposition.

The two cases present important differences. The authoritarian rulers in the Arab world were not pursuing any measures to transition to civilian rule and democracy. As will be shown in Chapter two, the Arab rulers were bent on upgrading authoritarianism. Family rule and political succession became the order of the day as aging Arab presidents groomed their sons for power, thereby emulating the neighboring Arab monarchies. In Latin America, the military in government was wary about staying in power as their institutional interests became threatened both by the expansion of military security, which became imbricated in the violation of human rights, and by their delegitimization in the face of a severe economic crisis. These different contexts shaped the opportunities for alternative forms of organizing in the two regions. A liberalizing military regime in Brazil gave time for the social classes to hone their political skills and to start perceiving themselves as important bargaining political actors, a condition that was absent in the Arab world.

Beyond the aforementioned condition for the politicization of subordinate classes and their demands, one has also to question how these inter-class alliances materialize. How do they result in strong, alternative forms of organizing that increase the chances for the dispossessed and disenfranchised classes to reinsert themselves as key bargaining partners for the dominant classes and the ruling elites? In this dissertation, I argue that there are essential factors that enable the transition from the horizontal spread of militancy at the society level to inter-class alliance formation and hence to the creation of formal organizing that reflects these alliances. Urbanization and improved communication can yield inter-class alliance formation and solidarities, as RSS (1992) argued, but this condition does not necessarily hold across different contexts. For example, Caldeira's (2000) anthropological work on Brazil's Sao Paulo shines a light on how sharing an urban space can lead to inter-class fear and seclusion rather than alliance formation.

From this perspective, other structures are needed to mediate the process away from class seclusion and pave the way for collaboration and coordination across social classes. For such inter-class alliances to be forged, I argue that in the contexts of Latin America and the Arab world, where religious institutions were among the only institutions that had been relatively shielded from authoritarian repression, these religious institutions could therefore play the role of mediator and catalyst for inter-class alliances. This dual role is made possible both because of that shielding itself, and because it can translate to protecting formal and informal workers, as well as other social classes, from demobilization whenever repression intensifies.

The mosque/church can also provide social, human, and financial resources to sustain the mobilization. It can act as an arena where citizens struggling under authoritarianism can share a common space of activism and start to view their struggles as historically and politically connected. It can play an instrumental role in politicizing every day struggles, especially for the residents of the urban peripheries and the peasants, who in Marxian terms are the most difficult to organize, and in enabling a sustainable form of inter-class solidarity through church- or mosque-based organizations.

The roles that the religious institutions can play as mediators should not be taken for granted; the theoretical chapter problematizes the roles that they could assume in the struggles for democracy. Such roles depend in the first place upon the relationship between the religious groups and the authoritarian structure and then on the relationship between the religious groups and capital and labor. I argue that in the context where religious organizing is autonomous from the state and capital, it can further the cause of the subordinate classes. Alternatively, in a context where religious organizing has accommodated and supported authoritarianism, whether formally or informally, and where it sides with capital, it could impede the empowerment of the subordinate classes, the potential for inter-class alliances, and the transition to a substantive democracy.

By the end of this second step, there is a need for workers and their allies to tie their activism to a sustainable form of organizing that can impose them as bargaining partners in the post-authoritarian phase. Such independent unions and federations, along with social movements that represent formal and informal workers, the peasants, the residents of the urban peripheries, and their allies, are necessary to showcasing that the working class and their allies have overcome the vertical ties imposed by the authoritarian regime, and that they have forged new ties free from elite control and domination. At this stage, independent working-class organizing needs to be representative of the most important sectors of the economy. It also needs to be tied to the militancy and activism that happens at the grassroots level.

Being tied to their base, and held accountable to them, reduces the propensity of new union leaders to be coopted by anti-democratic forces, i.e. capital and the former regime. Moreover, active labor organizing needs to forge strong alliances with other dispossessed and disenfranchised social classes. The broader the alliance and the more representative it is of the classes struggling under authoritarianism, the higher the chances for these classes to impose themselves on the dominant classes and the elites and to negotiate the post-authoritarian phase.

Divisions among unionists who break away from corporatism might ensue from their different ideological perspectives, but also from diverging strategies for addressing the challenges of post-Mubarak and post-military Brazil. Given the inevitability of such divisions, I argue that they need to be negotiated, and a clear positioning needs to occur before the negotiation of a new constitution takes place. Otherwise, they risk undermining the capacity of the working class to coalesce and launch a counter-hegemony to the regime and the dominant classes. This fragmentation weakens prospects for workers to tip the balance of class power in their favor.

Step Three: The Roles of the Dispossessed and Disenfranchised Classes in Negotiating Democratic Citizenship and in Deepening Democracy

What roles do the subordinate classes assume in the post-transition phase in each case? What role did anti-democratic forces play in shaping the post-transition process in each case? Why did these anti-democratic forces succeed in overwhelming the democratic and the revolutionary forces in Egypt but were brought to a halt for three decades in Brazil?

While the previous phase stopped at socio-political mobilization and the rise of anti-corporatist unions, new parties and social movements, this last phase examines whether these alternative forms of organizing played a role in negotiating democratic citizenship. The analysis sheds light on whether workers and their allies were able to build on their capacity to continue mobilizing and organizing in post-2011 Egypt and post-1985 Brazil. A central focus is on how workers and their allies and the organizations that represent them were able (or unable) to participate in the process of constitution-making, whether this participation led to the expansion of democratic citizenship, and whether working-class (formal and informal, rural and urban) mobilization held those who managed the post-authoritarian phase accountable.

Based on my approach to class power mentioned earlier, I examine how "business as usual" was maintained in post-Mubarak Egypt, except for displacing Mubarak's cronies and replacing them first with the MB's pious businessmen (2012-2013) and later with the generals (2013-present). Counter-revolutionary forces, the military in particular, in post-Mubarak Egypt handled the transition and aborted promises for a substantive democracy that might have eventually led to the implementation of the revolutionary demands of bread, freedom, and social justice. The military played an instrumental role in orchestrating a counter-revolution to deepen "military neoliberalism." From this perspective, the transition failed because the Egyptian military, faced with a militant working class and a radicalized street,

considered it necessary to pursue a counter-revolution in order to preempt the implementation of revolutionary demands that threatened the military's economic, foreign policy, and institutional interests. The 2013 military coup, therefore, became a necessary precondition for the signing of the IMF loan agreements that continue to burden the poor and the working class. Furthermore, what facilitated the rise of the military to power was the fact that it continued to receive wide popular support as it was not charged with repression and torture under Mubarak and that its expansive, thriving economic empire was totally shielded from the public. In public perception, the military was still viewed as Nasserite, siding with the poor and a nationalist actor.

In Brazil, the military enabled the transition to civilian rule despite being in power for two decades. It is worth noting that the military in Brazil did not expand its economic ventures, the way the Egyptian military did. Unlike the Egyptian military which was not charged directly with repression under Mubarak, the Brazilian military oversaw the torture and the repression of activists as well as a series of economic policies that would end up worsening Brazil's budget deficit and economic crisis. As it lost legitimacy, the military became aware of the necessity of enabling the transition to civilian rule and of thereby protecting its institutional interests (Stepan 1988). However, the transition to civilian rule did not immediately lead to the constraining of the influence of military power over political, social, and economic life (Hagopian 1990). As will be shown in Chapter 7, the first five years of civilian rule were marked by military tutelage (1985-1989), and it was only when the political and economic elites became aware of the necessity of limiting the military's influence over politics that the military was constrained (1990-2016).

While this move did enable a transition to civilian rule and expand the parameters of civil and political rights, I also argue that an investigation of the political economy of post-military Brazil before and after PT rule allows for a better assessment of whether the balance of class power shifted in favor of the poor and the working class. Here, the Brazilian case is complex. It could be argued that the phase between 1990 and 2002, under presidents who served neoliberal interests, was marked by the rise of a liberal form of democracy that allowed for the restoration of civil and political rights, but the poor and the working class continued to be excluded economically. Arguably, the neoliberal period is marked by the rising star of the fraction of capital that benefited from neoliberal market reforms but that had also brought about the continued socio-economic exclusion of lower-income earners through market reforms. Given that this dissertation is inspired by the RSS (1992) articulation of democracy as a struggle for class power, it is interesting to test the proposition in the Brazilian case

where the Workers' Party ruled the country between 2003 and 2016. A political economy of the PT in power paves the way for a better assessment of the effects of the rise of the workers to power on the subordinate and dominant classes. A political economy approach, therefore, captures whether dominant classes were challenged in their material and ideological hegemony under PT rule. As will be shown in Chapter 8, a deepening of democracy compared to the previous phase (1985-2002) takes shape with the erection of participatory mechanisms and the impressive socio-economic redistribution under the PT; however, the balance of class power did not shift radically in favor of lower-income earners. This outcome is owed to the structural constraints that the PT inherited from its predecessors and to the nature of the neo-developmental economic model under PT rule, which continued to appease capital and to benefit from its investments.

Methodology

The comparative historical approach (CHA) inspires this project. CHA remains focused on historical sequencing and how processes unfold over time, which gives way to an in-depth and contextualized comparison of similar or contrasting cases (Mahoney and Rueschemeyer 2003, 11–14). This approach is well suited for research that asks big questions that concern people's lives, such as about democratization and regime change (Ibid). The approach proposed by Mahoney and Rueschemeyer (2003) is anchored in three features that help further the analysis of this dissertation. First of all, causal explanations are carefully selected and tested rather than introduced ad hoc as incidental parts of an overall narrative. Secondly, emphasis is placed on how historical sequences and processes unfold over time, and are not fixed in time and place. Finally, CHA allows for contextualized comparisons between similar or contrasting cases. The CHA, therefore, makes possible dialogues between theory and evidence of an intensity that is rare in quantitative social research.

The two cases are similar in the class struggles under authoritarianism, yet they differ on the outcome of interest: democratization in Brazil until 2016 and a remilitarization of politics in Egypt since 2013. The two countries initially adopted similar policies of import substitution and industrialization under populist regimes but pursued different economic policies in the post-populist phase. While Egypt pursued liberalization and then neoliberalism under the auspices of the authoritarian presidential regime, Brazil's generals implemented a BA regime that oversaw the financialization and the internationalization of the economy. This variance in the economic models and the nature of the regimes that emerged in post-populist

Brazil and Egypt led to variance in the pact that sustained authoritarianism and the prospects for its disintegration (See Step one).

The two cases also exhibit variation in the class struggles under authoritarianism, the strength of counter-hegemonic labor and social movement organizing and the strength and the breadth of inter-class alliances. In Brazil, a horizontal spread of strikes across various sectors of the economy would inspire the landless peasants and the downwardly mobile state-dependent middle class to mobilize. Furthermore, CUT was representative of important sectors of the economy, tied to the base and inspired the landless peasants to pursue their mobilization and combativeness. The Worker's Party reflected a broad inter-class alliance forged between the formal and informal working-class, the peasants and leftist activists. In Egypt, the horizontal spread of labor militancy would inspire the urban peripheries, the peasants and the downwardly mobile middle class to mobilize. Although mobilization spread horizontally across different sectors of the economy, the peasants did not form a movement of their own. Furthermore, the independent/anti-corporatist unions under Mubarak represented the civil servants; the informal factory committees were more representative of militancy at the workplace. As for the independent federation (ETIUF) born during the 2011 revolution, it became rife with divisions and failed to garner support across various sectors of the economy. Inter-class alliances did not materialize into a constant form of organizing. In Egypt, unlike Brazil, workers and their allies are not represented in alternative parties or coalitions of parties that clearly articulate democratic alternatives and represent them, as is the case for the PT. Also, in Egypt the strong religious groups did not play a catalyzing role in supporting and empowering organization and mobilization along class lines.

Organizing The Fieldwork and Accessing the Field

The dissertation is based on evidence collected during fieldwork in Brazil and Egypt between December 2015 and December 2016. Interviews with labor unionists, journalists, lawyers, researchers, and academics were conducted in the two countries. Besides interviewing, I collected primary resources such as data on strikes and income inequality, and reports on the political economy of each country. The principal challenge in the two transitioning countries, which respectively experienced remilitarization and a coup staged against a democratically-elected president, was in accessing the field. The overall preparation for the fieldwork and the fieldwork itself took place over 13 months. Challenges were present from the very beginning.

Egypt was never a comfortable place to research in the first place. Even before the

2011 revolution, Egypt was known as a place with a very robust and intrusive system of informants. The *Maba'th Amn al Dawla* (The Internal Security Forces) played an instrumental role in spying on, intimidating, and forcing activists into disappearance. In post-2013 Egypt, military intelligence, which had been eclipsed under Sadat and Mubarak, made a comeback. Two distinct and often competing security apparatuses were now responsible for disciplining society to preempt another revolution amid worsening economic conditions.

Under such circumstances, how could a researcher studying the political economy of Egypt, a critical issue for the military (see Chapter 4), access the field? To answer this question, I researched books written by researchers who pursued fieldwork in conflict zones and other dangerous areas. Two edited volumes, *Danger in the Field* (Lee-Treweek and Linkogle 2000) and *Surviving Field Research* (Sriram 2009), guided me on how to organize my fieldwork. Scholars emphasized the importance of initiating and gaining trust, protecting the identities of my interviewees and myself. The process of preparing for my fieldwork in Egypt started in Montreal when a security analyst in Concordia's psychology department helped me to think about ways to protect my data. In Egypt, where informants are also predominantly present in public spaces (metro stations and public transportation), it becomes almost impossible to carry interview data or documents. I was able to create a safe space on the Concordia server reserved for staff and students. This safe virtual space helped me erase all traces of the interviews that I conducted and all evidence of my research, in order to shield myself from being interrogated by the security apparatus. This step proved to be a crucial one. As a further measure, I set up contact with researchers who had previously worked on similar questions of labor and the political economy of Egypt.

I resolved from these conversations that I needed to go "incognito." In the context of Egypt, a researcher can never declare that they are conducting research that would trigger the anxiety of the neoliberal military. This type of research, as will be shown, naturally branched out to include an investigation into the role of the military in post-Mubarak Egypt, which was and still is a red line. I applied for a tourist visa. The process for issuing the visa took more than two months (September 2015 to mid-November 2015). Under normal circumstances, a tourist visa should have taken two weeks. The process of issuing the visa was further complicated by the fact that since I was a holder of a Lebanese passport, I also had to go through a security check, performed by Cairo's security apparatus. Since 2013, the military regime had scaled up security checks for Arab citizens. The assumption was that foreigners,

particularly Arab and European citizens, had plotted the 2011 revolution. To add to this problem, it was the Egyptian consulate that gave me the visa. In other words, the visa was neither issued nor approved by the internal security forces. For good or for ill, my journey in Egypt started in December 2015 and lasted until mid-February 2016. While I had foreseen spending six months in Egypt, my fieldwork was cut too short by the kidnapping, torture, and tragic murder of a fellow researcher from Cambridge, Giulio Regini, by the security apparatus.

Between December 2015 and February 2016, I proceeded by first creating for myself a social stamp and getting approval from the people that I wanted to meet and interview. Before landing in Cairo, I researched the centers that worked primarily on labor issues. Among them were the Revolutionary Socialists, the Egyptian Center for Social and Economic Rights (ECSER), and the Centre of Trade Unions and Workers' Rights (CTUWS). Getting access to the field through these centers was the most secure way, given the uncertainty that surrounded the independent labor federation (ETIUF) that had sided with the 2013 military coup (see Chapter 4). It also entailed that I stayed alert and listened very carefully to the advice of people with whom I developed a relationship of trust. Acquaintances introduced me to the staff of the Egyptian Center of Social and Economic Rights (ECESR), a leading civil society organization founded by a labor lawyer working closely with the organized working class before and after the revolution.

While Cairo was the primary site for my research, because it had witnessed a popular mobilization calling for regime change in 2011 and hosted research centers and organizations working on labor issues, I allowed myself to explore other equally essential cities. Both Suez and Alexandria thus became targets of my research. Suez unionists advised me against traveling to Suez, given the security concerns, so we met in Cairo. I managed to travel to Alexandria, which is the second largest city in Egypt and is also known for its militant working class. There, I made use of the ECESR's branch and networks to conduct my interviews. In Egypt overall, I was able to organize 21 formal interviews (see Annex A). For unionists in Egypt, my questions revolved around specific themes of their struggles before and after 2011, the participation of specific unions before 2011 in strike action, the roles that they played in the January 25, 2011 revolution and the 2013 military coup, their representation in the process of constitution-making (2012, 2014), their relationship with consecutive regimes in power (SCAF, Morsi, and El-Sisi), and their relationships with other

actors (namely the revolutionary youth, the April 6 movement, and the Tamarrod movement) and with their allies within and outside the labor movement.

Most of my interviewees accepted to have their interviews recorded; some preferred that I take handwritten notes. The semi-structured interviews were aimed in particular at engaging the formal working-class and middle-class activists who expressed solidarity with workers. My informal discussions with the middle-class youth who participated in the January 25 uprising also proved to be crucial for a general understanding of how they participated in and perceived workers' struggles. These conversations happened almost on a daily basis. In most cases, I recorded my observations in a notebook instead of pursuing semi-structured interviews. The constrained context of post-2013 Egypt drove this decision. As I prepared myself to talk to some representatives of the April 6 movement - an essential actor in setting up the 2011 revolution - their leadership was subject to surveillance, and most of them were thrown in jail. As for the residents of the urban peripheries and the informal sector, it was almost impossible to pursue interviewing them during this period in Egypt. One is reminded that Regeni was killed because he pursued research on the workers in the informal sector. I, therefore, relied on secondary resources and material to fill the gap in their participation before and after 2011.

My fieldwork in Egypt included conducting semi-structured interviews; having informal discussions; recording field observations; attending events organized by independent unionists; and collecting publications and locally produced reports on labor and social mobilization, the political economy of Egypt, the social and economic rights in Egypt, and the role of multinationals in Egypt. I was able to access some of the resources at the American University of Cairo. As I had to cut my fieldwork short in February 2016, I flew to Beirut. There, I accessed the classified archives of the Assafir Newspaper for articles on Egypt from some local, regional, and international newspapers. The newspaper articles allowed me to triangulate. I used newspaper evidence to verify the data provided by my interviewees as well as secondary resources. At the same time, newspaper articles allowed me to understand better how the state framed labor mobilization and criminalized it to legitimize repression of the working class. I accessed articles about the political economy of Egypt, as well as social and political mobilization between 1952 and 2016. At the American University of Beirut, the leading university in the Middle East, I spent time in the library, collecting books and resources in Arabic on social class formation and the political economy in Egypt. To

document the strike action before and after 2011, I relied on both primary and secondary sources. Before 2011, some of the data was produced and made public by the Egyptian research center, the Land Center for Human Rights. As for post-2011, I relied on the reports issued by the ECESR and the CTUWS.

In Brazil, I started organizing my fieldwork in May 2016. While conducting fieldwork research in Brazil was safer than in Egypt, there were a few issues to take into consideration, primarily as the first-timer in Brazil. As was the case for Egypt, bureaucratic procedures delayed my fieldwork there. Only in August 2016 was I able to get a student visa and to set up for starting my work there, beginning in mid-August and ending at the end of December 2016. When I landed in Brazil, the country was facing a political crisis. The democratically-elected president, Dilma Rousseff of the PT, had already faced a coup that had led to the rise of her neoliberal vice-president, Michel Temer, to power. As a result, while Brazil had already transitioned to a democracy, it was facing a process of deconsolidation. Weekly demonstrations took place, calling on Rousseff's successor to step down. As I took part in these demonstrations, I allowed myself to observe who were the main organizers and to see whether labor federations, namely CUT, played any role in defending democracy in Brazil. While people were enthusiastic at the beginning of the protests that brought thousands of people to the streets, these protests eventually became regular events happening on Sunday afternoons and slowly died out.

While in Brazil, I started to learn the language and attended courses given by a professor at the University of PUC-SP (Pontifícia Universidade Católica de São Paulo) in political psychology. I initiated contact with DIEESE (Departamento Intersindical De Estatica e Estudos SocioEconomicos). That proved to be an essential resource to get in touch with both the old generation and the new generation of unionists in Brazil. There, a professor teaching sociology of work invited me to give a presentation to his classroom. His students consisted of a new generation of unionists originating in different sectors of the economy and drawing from a wide variety of union centers. I interviewed them, and my research started to snowball from there. With this new generation of unionists, I engaged in a discussion about the relationship between unionism and the state in democratic Brazil, the effects of the PT policies on the poor and the working class, and the challenges that they faced in organizing in contemporary Brazil. The unionists had put me in contact with the older generation of unionists who had participated in the 1970s strikes. To pursue these interviews, I had to travel from Sao Paulo to ABC, an industrial area in Greater Sao Paulo where the strikes of the workers in the metal and car industries ushered in a wave of strikes in a wide variety of

Brazil's productive sectors. In ABC, I spent time meeting and interviewing people in the Metallurgic Union, a lead protagonist for labor action under military rule.

The Metallurgic union is home to the Centro de Documentacao e Memoria Sindical da CUT,[7] which has documented the conditions surrounding labor activism in Brazil under military rule. I accessed books and materials that have been written on this matter in Portuguese and interviewed the older generation of labor unionists there. Moreover, as was the case in Egypt, I worked closely with the person heading the Centro de Documentacao e Memoria Sindical, who helped me organize interviews and also accompanied me to places where militancy had taken place. Furthermore, I had the chance to access DIEESE library resources about the questions of new unionism and the political economy of Brazil.

Primary and Secondary Sources

To trace the shifts in economic models and their impact on social classes, I relied on both primary and secondary sources. Secondary literature - the "published works and articles" by historians and scholars on the two cases (Mahoney and Villegas 2009, 83) - allowed me to understand the major shifts in the countries' economies before and after the transition process. Primary resources, which included in this case interviews but also country-specific policy papers, laws such as labor laws, investment laws, trade union laws, [8] were gathered to assess the economic models. Some of it is available online in the language of origin (Arabic and Portuguese). This data was accompanied by an analysis of quantitative data from the World Bank, the IMF, and the Economic Intelligence Unit, on debt, economic growth, inflation, the size of the productive sectors (manufacturing, services and agriculture) in the economy, which allowed me to trace changes over time on these key economic indicators to understand how they might trigger also changes in the economic models and to trace the effects of such changes on the number of workers in each sector, unemployment, informality, poverty rates and income inequality (see the Annex). The data on the minimum wage in Egypt before the transition was difficult to access. I wrote to the ILO, which openly answered that they would only give me data approved by their partner countries. In that case, I had to rely on secondary sources for data on wages. Data on informality was retrieved and only available through CAPMAS (Central Agency for Public Mobilization and Statistics) whereas data on unemployment was retrieved from the WB.[9] In the case of Brazil, the historical data on the

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[7] See CEDOC: http://cedoc.cut.org.br/cronologia-das-lutas and DIEESE: http://www.dieese.org.br/materialinstitucional/quemSomos.html

[8] For the World Bank Privatization Database: https://datacatalog.worldbank.org/search/type/dataset?sort_by=changed&f[0]=field_wbddh_country%3A98

[9] For Egypt, I relied on reports from CAPMAS the government's Central Agency for Public Mobilization and Statistics (CAPMAS). I was able to access their reports via the McGill Library University and online. As for Brazil, I was able to access the data via DIEESE, IBGE

minimum wage is available on the IPEA (Instituto de Pesquisa Econômica Aplicada). In short, the collected data allowed me to trace changes from one economic model to another and to assess the impact of shifting economic policies on the poor and working-class, and on capital, which remains at the heart of this analysis.

To determine the question of class interests in the two cases, I relied extensively on reports issued by local research and survey centers. To determine the size of the informal sector in the two cases, I relied on surveys published by the Egyptian Central Agency for Public Mobilization and Statistics (CAPMAS) and Brazil's official research agency, the Instituto de Pesquisa Econômica Aplicada (IPEA). For the question of unemployment in the two cases, the data was provided by the World Bank and local research institutions (CAPMAS and IPEA). To distinguish between the working class in the public and private sectors, I based my categorization on the local research centers (CAPMAS and the ECESR in the case of Egypt, DIEESE in the case of Brazil). For the question of the middle class, I distinguished between the state-dependent middle class and the independent middle class based on interviews with political economists in Egypt and on the secondary literature (Camett et al. 2015).

For data on working-class mobilization before and after the transition process, I mixed primary and secondary sources. I focused on labor mobilization under Mubarak, as this period was marked by class struggles leading to the de-legitimization of the regime and calls for regime change. Information about the informal sector and peasant mobilization was retrieved from secondary sources. For data on working-class mobilization before and after the transition process, I mixed primary and secondary resources. I focused on labor mobilization under Mubarak, as this period was marked by class struggles leading to the de-legitimization of the regime and calls for regime change. Information about the informal sector and peasants was retrieved from secondary resources especially for Mubarak's Egypt. Given the emergence of a military regime in Egypt it was impossible to gather interviews from workers in the informal sector and peasants in the post-2011 Egypt. One is reminded that Regeni was killed as he researched the informal/street vendors in Egypt, and in this regard researching the informal sector puts the researcher's life at risk, an issue that had been confirmed to me by Egyptian scholars through informal conversation. I acknowledge the gap in this dissertation as it relates to covering the mobilization and organization of the informal sectors and the peasants especially in post-2011 Egypt. Primary sources on the mobilization of the informal

(Instituto Brasileiro de Geografia e Estatica): https://ww2.ibge.gov.br/english/ and IPEA: http://www.ipea.gov.br/portal/index.php?option=com_content&view=frontpage&Itemid=61

sector and the urban peripheries do not exist. Most of the secondary sources also come from an anthropological perspective and hence invited long periods of research in Egypt. Quantitative data for the formal working class is scattered. First of all, information on working-class mobilization between 1981 and 1998 is only available in secondary sources.[10] For data from 1998 to 2010, I relied on primary sources. Data on labor mobilization exists for this period (1998-2010) on the Land Center for Human Rights' website.[11] This data was substantiated with the information given to me by a labor lawyer and researcher during my stay in Egypt (Interview with Labor Lawyer and Founder of ECESR). Qualitative data such as the nature of working-class demands and how they emerged during this period was gathered from interviews with labor unionists. For post-2011 Egypt, quantitative data on working-class mobilization was documented by the Egyptian Center for Social and Economic Rights, The Center for Trade Union and Workers' Services, and Democracy Barometer.[12] Information on working-class political participation, and on their relationships with the independent unions' base, the post-2011 regimes, the corporatist federation, their relationship with other social classes was retrieved from the interviews (Annex).

For the Brazilian case, I mixed primary and secondary sources as well. For data between 1964 and 1983, I relied on secondary sources such as the work by Alexandre (2003) and Alvez (1985). Primary data on labor strikes in Brazil between 1983 and 2013 was made available to me via DIEESE (Annex). DIEESE breaks down the data on strikes by sector (private and public, hours stopped and the nature of the strikes (defensive or otherwise)). As for the qualitative data, I relied on one-on-one interviews with the labor unionists who had led the struggles under the military (see Annex). I also combined this source with two books of interviews compiled by DIEESE. The interviews covered the leading figures of the union movement and the social movements, the landless peasants movement and activists in the national housing movement in particular. Data on the informal sector and peasant mobilization under the miltiary rule was retrieved from secondary resources. For post-military Brazil, I had relied on interviewing to be able to reflect on working-class political participation and their relationships with the post-transition regimes and with other social actors.

Valenzuela argues that the organizational strength of the working class can be assessed by looking at the "the density of union affiliation in the total labor force, the density of union

[10] Such as the seminal work by Joel Beinin (2016) the most prominent labor historian of the Egyptian working-class.
[11] For the Land Center of Human Rights archives: http://www.lchr-eg.org/archive/77/77-17.htm (Last accessed October 23, 2018)
[12] For the Egyptian Democracy Barometer: https://demometer.blogspot.com/; For the Egyptian Center for Social and Economic Rights: https://www.escr-net.org/member/egyptian-center-economic-and-social-rights-ecesr; For the

affiliation in key areas of economic activity, historical characteristics of union organizing and their autonomy (or lack thereof) from the state, the degree to which unions can organize pressures collectively to win their demands" (Valenzuela 1988, 5-6). In the case of Egypt, the exact number of the post-2011 independent unions created is not documented. I relied on some interviews, press releases from the independent federations,[13] and secondary sources (Alexandre and Bassiouny 2014; Beinin 2016). For the Brazilian case, information about anti-corporatist labor organizing is documented by CUT. CUT reports document the number of independent labor unions in different sectors of the economy. Assessing whether the working class remains tied to its base was made possible through interviews and field observations. For example, I traced whether the new leadership of the new unions and federations was responsive to the base demands and whether they voiced their concerns, or whether they expressed an entirely different set of interests that were not strictly in line with the working-class demands.

Finally, in order to assess whether subordinate inter-class alliances were formed between the formal working class, the residents of the urban peripheries, and the middle class, I relied extensively on interviews, field observations, and an assessment of the platforms that emerged during and after the transitions took place. On inter-class alliances, I relied on an analysis of interviews and CUT and PT documents and secondary resources. For the case of Egypt, since such inter-class alliances did not materialize in an institutionalized and sustained form as they did in Brazil, I also relied on interviews and field observations to determine their absence.

Analyzing the interviews

To manage the collected data and find linkages between the research questions and the interviews conducted, I engaged in a process of data extrapolation. After transcribing the 50 interviews, I read the transcripts literally and then retrieved from each interview the information that answered the aforementioned research questions. After making sure that all the issues were addressed, I moved on to analyzing the data. The process entailed identifying the main ideas, tagging them, and then identifying concepts. This process of data analysis allowed me to label concepts related to working-class mobilization, their relationship with other disenfranchised and dispossessed classes, and their relationship with the state as well as with the owners of capital.

[13] For the EDLC creation see http://gate.ahram.org.eg/News/326830.aspx

Map of the dissertation

With this introduction, the first chapter provides the theoretical framework. It surveys the literature on comparative democratization and argues for the adoption of a comparative historical structural and a political economy approach to the study of democratization processes in the Global South. Chapters 2, 3, and 4 provide an in-depth analysis of the Egyptian case. Chapter 2 focuses on Egypt's capitalist transformation from Nasser to Mubarak (1952-2011). The chapter adopts a structural, historical approach so as to provide a better understanding of how capitalist transformations and regime strategies shaped the question of class power under different regimes. Chapter 2 lays the foundation for a better understanding of how calls for regime change in 2011 emerged from the contradictions of Mubarak's neoliberalism and the policies of accumulation by dispossession pursued under his rule. Social class mobilization is addressed in Chapter 3 which traces the varieties of subordinate class mobilization before and during the 2011 revolution to make the argument that the subordinate classes, namely the poor and the working class, delegitimized the regime in power by spreading their struggles horizontally. Chapter four extends the analysis beyond 2011. It offers a political-economic approach to post-Mubarak Egypt to account for how a military committed to deepening military neoliberalism derailed the transition to civilian rule, as it challenged its long-term foreign policy and economic interests. A political economy of post-Mubarak Egypt also allows for the dispelling of some of the assumptions that the military in Egypt remained tied to the developmental model under Nasser and hence offered economic redistribution to the poor and lower-income earners. The chapter shows that the generals in post-Mubarak Egypt favored the continuation of neoliberal economics, placing the military at the helm of political and economic power and thereby impeding prospects for the political and economic empowerment of subordinate classes.

Chapters 5, 6, 7, and 8 attend to the Brazilian case. Chapter 5 provides a historical structural approach to the political economy of Brazil under populism and in the post-populist phase under military rule. While Brazil did not witness a radical shift in its economic model, military rule (1964-1985) was marked by a series of locally-administered structural adjustment measures that dispossessed the poor and the working class and privileged private local and international capital accumulation. This process, I argue, is what led to the series of class struggles that preceded the transition from military to civilian rule in 1985. This specific theme is addressed in Chapter 6, which illustrates how subordinate classes delegitimized the military regime. Chapter 7 assesses the impact of the post-transition phase on the poor and the

working class and the roles that the latter played in expanding the parameters of democratic citizenship. Chapter 7 shows that the poor and working class played an instrumental role in negotiating democratic citizenship, holding civilian leaders accountable, and challenging the historical tradition of laying the burden of the economic crisis on their shoulder. From the perspective of the balance of class power, it is important to note that post-military Brazil (1985-2003) was marked by an expansion of civil and political rights, especially after the election of the first civilian president, Collor, but the balance of class power did not shift in favor of the poor and lower-income earners. Chapter 8 delves into the process of deepening democracy under the PT (2003-2016) through the expansion of socio-economic and political inclusion as well as the erection of the architecture of participatory democracy under the PT. The chapter embeds the deepening of democracy in a political economy of PT rule to assess whether the deepening of democracy was accompanied by shifting the balance of class power in favor of the poor and the working-class and assesses the roles that the formal and informal working class played under the 13 years of PT rule.

Chapter One: Theoretical Perspectives on Comparative Democratization

1.1 Introduction

This chapter surveys the debates that have shaped the study of democratization and regime change. Five theoretical approaches - modernization theory, the transitology/actor-centric models, the path-dependent model, and the comparative historical model - explain democratization processes and discuss the role of their main protagonists. Modernization theory links capitalist development to complex and socially mobilized societies in which an educated middle class applies pressure for democratic opening. In Egypt and Brazil, modernization resulted in populism, rather than democracy, and the middle class balked at political and economic changes that would have genuinely included the lower income and the working classes. The actor-centric approach roots the analysis in the schisms within the monolithic authoritarian structure between the hard-liners and soft-liners (O'Donnell et al. 1986, 19). Applied to the two cases, this approach obfuscates the crisis of capitalism and the class struggles that ushered in the calls for democratization and regime change. The comparative historical approach provides a corrective by putting the emphasis on the contradictions of the capitalist economy under authoritarianism and on how it leads to regime change. This dissertation is inspired by the (RSS) (1992) approach, which emphasizes the protagonist role of the working class. However, the RSS (1992) model remains anchored in a reading of developmental/industrial capitalism. In order to account for the contradictions under neoliberal authoritarianism, I combine their approach with David Harvey's rendition of Marxian economics (Harvey 2007; 2014; 2003) and his concept of accumulation by dispossession. I also borrow from those who have worked in the political economy of neoliberalism in the Arab world from a class-based perspective to account for how the transition to neoliberalism shaped social classes and the state (Hanieh 2013).

This hybrid approach (1) allows for a better understanding of how struggles for democracy are embedded in the broader class struggles under capitalism and how these struggles are born from the twin processes of accumulation by exploitation and accumulation by dispossession (Harvey 2003; 2007); (2) allows for a better understanding of the disintegration of the authoritarian coalition overseeing the implementation of capitalism under authoritarianism; (3) allows for the specification of the classes that play a protagonist role in democratization processes and the forms of inter-class alliances that are needed to dismantle authoritarianism; and (4) explains how these struggles guide democratization processes (Rueschemeyer, Huber,

and Stephens 1992, 147). In short, this dissertation situates itself in the context of a comparative, cross-regional, and class-based approach to democratization and regime change. The chapter is divided into four sections. The literature review starts by mapping the perspectives that have thus far analyzed the Arab spring. The second section surveys the theoretical approaches that shaped the study of regime change. In the fourth section, I delve into the pillars of the theoretical framework that will be adopted in this dissertation and the relationship between them. The final section is the conclusion.

1.2 Literature Review

The following review maps the approaches to democratization and regime change to argue that the RSS approach accounts for multiple levels of complexity combining the material and the ideational. While it roots the analysis in materialist demands, it embeds these demands in ideological struggles against authoritarian regimes and dominant classes. While RSS stressed that democratization processes are local processes, they did not downplay the critical role played by international factors. Finally, while rooting the analysis in the crisis of capitalism, they also take into consideration the alliances that bind authoritarian regimes to local and international capital. Only by understanding the nature of such alliances can one understand whether class struggle led by subordinate groups challenged the ideological and material hegemony of a given authoritarian regime and the authoritarian pact that sustained a specific form of capitalist development, excluding the majority of the population. However, the RSS approach does not take into consideration class struggle and class organizing under a neoliberal accumulation regime. This dissertation combines Harvey's rendition of Marxian economics with the RSS (1992) approach to do just that.

1.2.1 Explaining the 2011 Arab Uprisings

In this section, I survey the scholarly work that examined Arab authoritarianism and the challenges to it in the wake of the Arab Spring. The purpose of the survey is to reflect on the limitations of the pre-2011 literature and to lay the foundations of the political economic approaches adopted in the wake of the 2011 uprisings. It is worth noting that prior to 2011 the predominant trend in scholarly work was a research agenda that focused mostly on the institutional determinants of authoritarian resilience, particularly on regime strategies adopted to entrench authoritarian rule. Such approaches mostly treated the economic realm as subordinate to the political realm. In this view, economic policies served to cement authoritarian leaders and their close business allies for the sake of entrenching

authoritarianism rather than deepening capitalism. In this section, I argue for the adoption of a political economy approach inspired by Hanieh's work. It is best suited for this dissertation both because it does not treat the economic realm as subordinate to the political and because it moves beyond a discussion of economic policies based on macroeconomic indicators to reflect on the effects of neoliberal reforms on capital and labor. I also argue for the necessity of combining his political economic approach with the class-based approaches that have examined the effects of neoliberal restructuring on social class mobilization. The following section starts by discussing the pre-2011 literature, particularly the way it failed to account for the 2011 uprisings, and then moves to discuss the post-2011 literature.

For decades preceding the Arab Spring, the focus of the scholarly community has been on studying authoritarian stability rather than political change. This research agenda was dictated by the fact that Arab societies were resistant to the third wave of democratization, which had challenged military and authoritarian regimes in Eastern Europe and Latin America (Brynen et al 2012). As of the early and mid-1990s, the Arab world witnessed political liberalization that accompanied the process of economic liberalization and neoliberal restructuring. However, this political liberalization soon came under attack, in the late 1990s and early 2000s, when authoritarian leaders' longevity in office was threatened by the rising star of the oppositional Islamist movements and parties.

The scholarly community searched for answers pertaining to authoritarian resilience. The richest research agenda prior to the 2011 uprisings placed the analytical focus on institutional explanations of authoritarian resilience. This scholarly community had shifted the focus away from trying to look for explanations of the democracy deficit to propose a research agenda rooted in unpacking the dynamics and the workings of Arab authoritarianism (Schlumberger 2007). Some of this literature proposed an explanation of resilient authoritarianism rooted in the "robustness of its repressive and security apparatus" (Bellin 2004). Still others focused on the ways Arab leaders manipulated electoral politics to reproduce authoritarian rule and regime survival (Heydemann 2007; Salloukh 2006). A profusion of literature focused on civil society organizations, and in particular the NGO community, which became embedded in a web of bureaucratic controls that turned them into sites for social control that reproduced regime hegemony, rather than leading to citizens' empowerment (Wiktorowicz 2000; Albrecht and Schlumberger 2004; Jamal 2007; Kingston 2013; Abdelrahman 2004). Aside from the NGOization of activism in the Arab world, a research agenda explained the phenomena of Islamic activism (Wiktorowicz et al 2003) from a social movements perspective to reconcile Islamic activism with any other form of collective action. Another

focus had been on the questions of whether the participation of religious parties in politics led to their (ideological) moderation and whether this moderation necessarily entailed that they could be supportive of a democratic agenda (El Ghobashy 2005; Clark 2012; Masoud 2013). Scholars have observed an ideological moderation (in relation especially to the islamization of state), which was attributed to political participation in electoral politics, but this scholarship also argued that this participation moved Islamists closer to the authoritarain structure, hence conferring legitimacy and support on these leaders (Clark 2012).

The literature that preceded the Arab Spring, with the exception of some scholarly work (El-Mahdi and Marfleet 2009) therefore failed to predict the wave of mass mobilization (Gause 2011), and leading scholars have since engaged in an auto-critique of their focus on the ruling elites and their strategies to explain authoritarian resilience. In fact, and with the exception of a limited scholarship the pre-2011 literature focused on the elites and did not take into account the invisible struggles of ordinary citizens. Sociological and anthropological perspectives prior to the 2011 uprisings had in fact provided a corrective to the aforementioned comparative and Middle East politics literature. Important contributions had examined how ordinary citizens of the Arab world struggled on a daily basis (Bayat 2013; Ismail 2006). However illuminating these findings were, they remained confined to the invisible everyday forms of resistance of ordinary citizens but they did not tie this resistance to questions of broader social and political mobilization.

Furthermore, the preoccupation of the aforementioned literature with explaining authoritarian resilience subordinated the economic realm to the political realm. The authoritarian leaders continued to use the realm of economic policymaking to entrench their rule. The post-2011 institutionalism continued to argue that “it will be some time before a more complete understanding of how socioeconomic factors figured into the 2011 uprisings” (Brynen et al 2012, 214). For example, the proponents of this approach investigated how Arab autocrats managed selective economic reforms for their own benefit. In the wake of the 2011 Arab uprisings, some have applied such propositions to the case of oil-rich countries, arguing that this region has been immune to the wave of mass mobilization because the Arab monarchs have redistributed petrodollars in the form of “foodstuff, salaries, and jobs to coopt and absorb the resistance from below” (Yom and Gause III 2012, 83).

Cammett et al (2015) agree with Brynen et al (2012) that economic policies in post-ISI did not lead to freer politics but “saw instead the old regimes consolidating their shaky rule by forging new alliances with elements of the old elite capital and the state bourgeoisie” (Cammett et al 2015; Kindle location 1324). However, Cammett et al propose a view of the

2011 Arab Spring from the lens of "the interaction of political factors and real perceived economic developments" (Ibid, Kindle Location 624). Their focus is on how "crony capitalism" antagonized the population "by leading to economic underperformance of the region" and by fueling "perceptions of rising inequality and in particular of inequality of opportunities" (Ibid). Their analysis leads them to the following conclusion: crony capitalism "signaled a narrowing of the authoritarian coalitions that were squeezing out the middle classes a key constitution of the post-independence Arab regimes" (Ibid). According to the authors, it is the middle class that bore the brunt of neoliberal policies and as a result of their marginalization from the authoritarian ruling coalition, and their substitution by the crony/state-dependent capitalists, became the lead protagonists of revolutionary change (Ibid, Kindle Location 650). As much as this dissertation acknowledges the fact that economic policies served to entrench authoritarian rule, I also examine the flipside of the argument: that Arab authoritarianism served the implementation of neoliberal capitalism (Hanieh 2011; Hanieh 2013). While doing so, one moves beyond the assumptions that underlie Cammett et al's (2015) approach, namely, that the real problem was that of crony capitalism and a corrupt implementation of neoliberalism, to allow an understanding of neoliberalism as a class-power project that serves the interests of local, regional, and international capital and dispossesses the majority of the population. From this perspective too, the protagonists of social and political change are not the middle classes, as (Cammett et al. 2015) argued, but the poor and the working class.

Adam Hanieh's work provided a corrective to Cammett et al's arguments and inspired my reading of neoliberal transformations. Hanieh rightfully points to the crisis in the Arab world as a crisis of neoliberal capitalism rather than a crisis of authoritarianism per se. In his approach, the authoritarian regimes that emerged served specifically the purpose of implementing neoliberal capitalism, which was also tied to an American imperial project in the Arab world. His focus on and his reading of nearly two decades of neoliberal reforms in the Arab world moves beyond the discussion of crony capitalism and corruption to focus instead on neoliberalism as a class-power project (Hanieh 2013, 14). Hence, while the point of departure for Cammett et al (2015) and Brynen et al (2012) is politics, Hanieh's Marxian approach (2013; 2011) departs from "capitalism" and "class" (Hanieh 2013, 2). While agreeing with Hanieh (2013, 2011), this dissertation traces the economic transformations in Egypt from ISI to the adoption of neoliberalism in the early 1990s and their deepening since then to

> "convey some of the principal aspects of the intertwined development of class and state in the Middle East tracing where and how various classes in the region (both capital and labor originated) what their accumulation is based around and how this has shifted overtime and the ways in which this class formation links to the nature and changing attributes of the state" (Hanieh 2013, 9).

Despite the important insights that Hanieh brings to the study of the political economy of the Arab world, by his own admission he does not delve into the social class mobilization that challenged neoliberal authoritarianism.

A class-based analysis emerged from some of the scholarly work focusing primarily on formal working-class participation. Some of this scholarship argued that workers were lead protagonists of the revolution and "a critical element from the start, with the interwoven pattern of strikes and political protests weakening the grip of the regime in the years before 2011" (A. Alexander and Bassiouny 2014, 11). Others do not deny that workers have been the largest instigators of mobilization under authoritarianism, but they argue against the idea that the 2011 uprisings could be attributed to working-class mobilization (Beinin 2016, 7). Still others root the origins of the 2011 revolution in the rise of the proletarian subject in Egypt's largest textile industry, Al Mahllat al Kubrat, which was described as the "vanguard of the working-class initiating important strikes and articulating the interests of the whole Egyptian working-class" (Smet 2015, 233). What this literature shares in common is an emphasis on the industrial working class and civil servants' mobilization and organization and sometimes on the connections between the formal working class and the middle class (political parties, NGOs, and Youth movements), but the discussion of urban subalterns and the peasants was totally absent.

The most compelling cross-class analysis is the one presented by Maha Abdelrahman (2015) who accounts, from a social movement perspective, for the struggles of the working class, the peasants, the urban subalterns and the middle-class youth activists. Abdelrahman's study proposed to move beyond the dichotomization based on the nature of the struggles and the mobilization structures (workplace and community organizing) to pursue an analysis based on the "process of dispossession that provoked a burning sense of injustice" (Abdelrahman 2015, 5). While taking into consideration horizontal and cross-class mobilization, Abdelrahman's analysis of the presence/absence of coalition formation is one premised on cross-ideological alliances (the left with the Nasserites on the one hand and the Muslim Brotherhood on the other hand) rather than on inter-class alliances. It also seems from her perspective that the absence or the weakness of organization across different classes

impeded prospects for regime change. In relation to the working class, she argued that workers "have not coalesced together into a movement that could play a leadership role in Egypt's revolutionary process" (Ibid, 87).

While I borrow from her perspective the necessity of examining the totality of social class struggles under neoliberal authoritarianism, I propose some alternatives. Firstly, my focus is on inter-class alliances rather than cross-ideological alliances between the seculars and the Islamist factions of the opposition. By focusing on inter-class alliances, one can reimagine a democratic order brought about by the varieties of social classes that are left dispossessed and disenfranchised by neoliberalism. Whereas as focus on cross-ideological alliances puts the emphasis on the ideological cooperation among middle-class activists and intellectuals rather among than the totality of social classes that bore the brunt of dispossession under neoliberalism. Secondly, in relation to the working class my research shows that the real problem was that workers were not given a space to politicize their demands and to imagine a democratic alternative. Hence and while they might have not coalesced into a movement, the way Abdelrahman argued, this outcome has to be embedded in the context in which the alternative forms of labor organizing emerged and operated. This outcome, I argue, came about because Mubarak was ready to entrench his rule rather than leave political power and because the military, the main orchestrator of post-Mubarak Egypt had no intention in enabling a transition to democracy, an issue that will be dealt in greater details in Chapters 2 and 4. Thirdly, the analysis of organized religion in Abdelrahman is one shaped by the relationship between the MB and the authoritarian structure on the one hand and the MB and the liberals and the leftists on the other hand. However, the author does not take into consideration the political economy of the MB, the deepening of neoliberalism under their rule and their relationship with the business tycoons.

This theme is also absent in most of the literature that has examined Islamism in the post-2011 Arab Spring, with the exception of the work by Katerina Dalcoura (2016) and Angela Joya (2018 a). In fact, the post-2011 scholarly community engaged once again with the question of whether Islamists would capture the state and Islamize it. The 2011 uprisings renewed interest in the questions of whether the inclusion of Islamists in the political process leads to their moderation or whether their moderation necessarily entails that they would push for the democratization of the regime (Masoud 2013; Clark 2012). While the inclusion-moderation and moderation-democratization hypotheses were testing grounds for scholars working on the Brotherhood, other authors examined the rise of new Islamist actors to the scene, such as the Salafis (Cavatorta and Merone 2017). For this scholarly community, the

puzzle was in explaining the rise of these new actors in contexts where their appeal had been marginal or in contexts where it had been confined to the social rather than the political realm.

Still others proposed other strategies to move beyond the question of inclusion-moderation, and its focus on pragmatism, to consider the process of “dialectical conversation between praxis and ideological innovations” (Cavatorta and Merone 2015, 30). This scholarship focused on “post-Islamism” rather than Islamism per se (Bayat et al 2013). Post-Islamism is seen as a paradigm shift from Islamism, which “is neither anti-Islamic nor un-Islamic or secular. Rather, it represents an endeavor to fuse religiosity and rights, faith and freedom, Islam and liberty” (Bayat 2013, 9). In general, this scholarship, whether focusing on Islamist political participation or on post-Islamism, continued to be premised on whether Islamists have adopted and adapted to a liberal democratic ideal.

Very few have shifted the focus of the discussion to show that Islamists have accommodated neoliberalism. The works of Dalcoura (2016) and Joya (2018 a) fill this gap, tracing specifically how Islamists were tied to neoliberalism and promoted their own version of “pious neoliberalism,” inspired by the Turkish model that promoted the interests of “pious businessmen” and their regional allies (Turkey and Qatar in particular). In this respect, the Islamists’ rise to power in the wake of the 2011 uprisings not only challenged liberal ideals and freedoms, they also derailed the revolutionary demands for bread, freedom, and social justice and pursued the continuation of neoliberalism that weighed heavily on the poor and the working class. This research favors this approach and proposes to reflect on the Muslim Brotherhood’s relationship with authoritarianism, its class biases, and its relationship with capital and labor to provide a better understanding of why the largest religious organization in Egypt accommodated neoliberalism over the years and hence impeded prospects for the democratization of the regime.

In sum, it is worth noting that the scholarly work on the Arab world did not apply democratization theories to this region, largely due to the fact that the Arab region until 2011 was characterized by enduring authoritarianism. Furthermore, in the wake of the 2011 Arab uprisings, some of the interesting scholarship has dismissed a reading of the 2011 Arab spring inspired by democratization literature. For example, Hanieh’s political economy approach assumed that democratization is premised on a liberal ideal associated with free-market economics, and suggested that protesters in the Arab world were challenging neoliberalism in the first place. However, a review of the comparative democratization literature and in particular the political economy and class-based approaches, suggests that some of these approaches can offer a high level of complexity, embedding the struggles for democratization

in the contradictions of capitalism, as Hanieh suggested.

1.2.2 Democratization in Theoretical Perspectives

In this section, I map the literature that had addressed democratization processes and which had been mainly inspired by the wave of democratization that engulfed Latin America. In this regard, this review will map this literature and explain why the RSS (1992) approach is best suited for the purpose of this research. The second part will shine light on the some of the literature that examined Brazil.

1.2.2.1 Modernization theory and democratization processes

The influx of newly-decolonized states emerging in the context of the Cold War presented American policymakers with a serious puzzle: how to make these countries richer, more democratic, and more firmly aligned with the Anglo-Saxon model? (O'Donnell 1979; Close 2009) The answers to these questions were rooted in modernization theory. Modernization theory informed the quest of American policymakers to extend American hegemony while countering the communist threat. The underlying assumptions were premised on a positivist approach to the study of political change; modernization projected a panacea for the ills of the developing countries. Rooted in the American and Western European experiences of capitalist development, it projected liberal democracy onto the rest of the world (Close 2009, 196–97). In this respect, one of the central assumptions for modernization theorists is that democracy emerges as the result of a rapid and sustained economic development (Przeworski and Limongi 1997).

Some Social Requisites of Democracy by Seymour Lipset (1959) is the seminal work that inspired modernization theorists. Lipset set the stage for a discussion revolving around socio-economic development and democracy (Rueschemeyer, Huber, and Stephens 1992, 13). He started by setting two goals for his research: identifying the socio-economic determinants leading to the emergence of democratic regime, and their endurance. Lipset's work focused on the conditions leading to democratic stability (Lipset 1959, 71). Wealthy economies, Lipset argued, make possible higher levels of literacy, education, urbanization, and mass-media exposure. These developments are associated with a moderate middle class, which leads to an increased belief in democratic ideals (Ibid, 78).

Such arguments found an echo among modernization theorists (Huntington 2006; Cutright and Wiley 1969). The latter based their model on the assumption that modernization increases social and political consciousness, stimulates and unleashes social forces, and

expands the politicized strata of the population in traditional societies (Ibid). In turn, the process described above fosters the population's ability to challenge traditional forms of governance and to push for democracy (Rueschemeyer, Huber, and Stephens 1992, 16). Traditional political systems facing a crisis of legitimacy must contend with the imperative of accommodating the unmet socio-economic demands of the disenfranchised masses (Ibid). Hence, "modernizing nations were set in motion to reach a standard equilibrium. This is because the new divisions of labor and the structural differences demanded more complex political systems if the system as a whole was to reach equilibrium" (RSS 1992, 16). Representative democracies were deemed the best systems for dealing with a modernizing heterogeneous social order (Cutright 1963; Rueschemeyer, Huber, and Stephens 1992).

There are several limitations associated with modernization theory. Firstly, it exhibits a Western bias. Constructed from an idealized view of liberal democracy and capitalism, the model did not fit particularly well in developing countries (Close 2009, 197). In Latin America and the Middle East, this economic development was wedded to populist (authoritarian) regimes, which did not conform to the modernization narrative (Ibid; O'Donnell 1979; Prezworski and Limongi 1997). Furthermore, the resilience of the economically developed non-democratic regimes opened new avenues for research among critics of the modernization approach. Some authors argued, "authoritarian regimes are more likely to endure once they reach a certain threshold" (Prezworski and Limongi 1997, 159). Barrington Moore (1973) dealt an early blow to modernization theory's universalistic assumptions. Moore argued that there is not a unified path to modernity, and that fascism and communism were also the outcomes of modernization.

1.2.2.2 Actor-centric Transitology and Path-Dependent Approaches

The elite, actor-centric approach, labeled the "transition" paradigm, is best captured in O'Donnell, and Schmitter's (1986) *Transitions from Authoritarian Rule and* Prezworski's *Democracy and the Market* (1991). The origins of this strategic approach are rooted in Dahl's *Polyarchy* (1971) and Rustow's *Transitions to Democracy: Towards a Dynamic Model* (1970). Rustow's work, in particular, sets the stage for the transition paradigm. He delineates the foundations of the actor-centric approach to democratization premised on the centrality of elite bargaining (Haggard and Kaufman 1997, 277). Rustow challenges the idea that there must be some existing preconditions that lead to democratization, to argue instead for an interaction between the political, economic, and the social that leads to democracy. The model suggests a "sequence from national unity as background, through struggle, compromise and

habituation to democracy" (Rustow 1970, 362). These arguments deeply affected the policymaking and scholarly communities. Refuting the idea of democratic "preconditions" restored some optimism and liberated policy and democratization scholars from the fear "that democracy might be impossible in some areas due to cultural and social sets" (Carothers 2002, 8). The main drive was to make democracy "travel across borders" (Ibid). Another central theme highlighted by Rustow is the idea that transitions come in phases. This phasing of the transitions tends to be primarily defined as the opening/liberalization of the authoritarian regime, the breakdown of the regime, democratization, and democratic consolidation (Rustow 1970, 7).

Another important influence for transitologists was Robert Dahl, particularly his work on *Polyarchy* (1971). Transitologists (For example Przeworski 1991; O'Donnell and Schmitter 1986) adopted the Dahlian thick version of procedural democracy and a rational choice approach to democratization. Dahl emphasized democratic citizenship – the ability of citizens to articulate their preferences to their fellows and their governments (1971, 1) – and the government's responsiveness to these citizens, who are considered political equals. Democratic countries are therefore those that offer for their citizens "freedom of expression, association, the right to vote, eligibility for public office, alternative sources of information, free and fair elections and institutions for making government policies dependent on votes" (Ibid). Transitologists also borrowed the Dahlian calculus to give shape to their approach to democratization processes. According to Dahl, a "successful transition" depends on the balance between the costs of suppression and the costs of tolerance (Ibid, 15). A peaceful transition to democracy, in the Dahlian account, can only be reached when the costs of suppression outweigh the costs of tolerance (Ibid).

The actor-centric approach is inspired by the cost-benefit analysis underlying the Dahlian calculus (Prezworski 1991; O'Donnell and Schmitter 1986). One of the most influential pieces of work in this tradition is O'Donnell, Schmitter and Whitehead's *Transitions from Authoritarian Rule* (1986). Transitions are processes delimited on the one hand by the dissolution of "an authoritarian regime and on the other hand by the installation of some form of democracy, the return to some form of authoritarian rule or the emergence of a revolutionary alternative" (Ibid, 3). Underlying this approach is an emphasis on a central idea advanced by Dahl, namely that transitions from non-democratic regimes are uncertain (Ibid). This uncertainty challenges the determinism underlying the comparative historical approach and the modernization theory. Transitions can lead to "democracy or the restoration

of a more severe authoritarian rule, or it might even develop into widespread violent confrontations" (Ibid, 7). On the particular question of the actors driving transitions, the authors advance an elite-based model that emphasizes the role of domestic actors. This work is based on a four-player model that lays the foundations for strategic bargaining and negotiations among local actors. Transitions are therefore not led by popular uprisings; instead, schisms within the monolithic authoritarian structure between hard-liners and soft-liners are its main triggers (Ibid, 19). The real players are the opposition and authoritarian elites, who shape the course of the regime breakdown, the transition, and the post-transition phase (Ibid, 37).

The transition paradigm adopts the idea that democracy in transitioning countries should be brought about by undemocratic means. The political pact is a central mechanism that brings about this limited democracy. These pacts, the agreements between the opposition and the authoritarian regime, set the rules of the game by providing mutual guarantees for the interests of those entering into the new regimes (Ibid). On the one hand, the moderate opposition hopes for greater liberalization of the regime, which would eventually lead to democratization. On the other hand, soft-liners, the moderate authoritarian elites, engage in this bargaining to amass popular legitimacy by broadening their social base (Ibid, 38). In this understanding, "coup-proofing" transitions lies primarily in the hands of the moderates from both sides. Their mission is, therefore, to keep their radical counterparts in check. The second pillar that enables democracies is "founding elections" where "parties of the right-center and right are helped to do well while the left and left-center should not win by an overwhelming majority" (Ibid, 62). While the "right should be prepared to give some concessions regarding its materialist interests, the left should postpone its goal for a radical advanced democratic transformation" (Ibid, 63).

Przeworski's *Democracy and the Market* is a continuation of this approach. Democracy, Przeworski argues, "is an equilibrium, not a social contract" (Przeworski 1991, 23). For him, "a theory of democracy based on the assumption of self-interested strategic compliance is plausible and sufficient" (Ibid, 24). Like his predecessors, Przeworski emphasizes the liberalization of authoritarian regimes. This liberalization provides "the prologue to transitions from authoritarianism" (Ibid, 53). While echoing O'Donnell, and Schmitter (1986), his answer as to why transitions happen is rooted in the divisions among authoritarian rulers between "Liberalizers and Hardliners" (Ibid, 57). Przeworski's game-theoretic approach informs his argument that the actors' comparative strength shapes their strategic choices. In

turn, these strategic choices affect the course of the transition (Ibid, 65).

The actor-centric approach shaped the understanding of regime change especially in relation to the divisions within the authoritarian structure, which is an important factor contributing to democratization. However, applied to the cases under scrutiny, transitology does not provide an adequate explanation of the success and failure of the transition in the cases under scrutiny. To illustrate my argument, I will be shedding some light on the Egyptian case. A "transitology" approach to the Egyptian case would be based on the following line of argumentation: elite divisions between the army and the Mubarak regime led the military to strategically further the interests of the Muslim Brotherhood in order to divide the opposition irreparably. As the Brotherhood made concessions to the military and centralized power (in response to the military's maneuvers), they lost credibility from their secular counterparts. Hence, the army coopted the secular actors and initiated a coup against the Brotherhood. From the transitology perspective, the transition to democracy failed in Egypt because the military, the hardliners in this case, manipulated the divisions between the Brotherhood (one faction of the opposition) and their secular rivals (another faction of the opposition). Applied to Egypt, the transitology approach can indeed provide a plausible explanation for the 2013 coup, but it does not explain the drive behind the military's decision. My approach shows that the military coup can be better explained by examining the class interests of the military and by embedding these class interests in the military's quest to derail the democratization process to preempt the rise of a substantive form of democracy that could tip the balance of class power in favor of the poor and subordinate classes. I also argue that a better explanation of the Egyptian failed transition to democracy should take into consideration how the working class broke free from the corporatist control that had long been imposed on them, yet was unable to build the necessary class alliances to preempt the military coup. Furthermore, the transitology approach remains focused on the "will of strategic actors," placing too much emphasis on the role of elite bargaining, which dismisses the role of the actors who have the highest stakes in bringing about democracy, the ordinary citizens, a theme better addressed by Bunce (2003), Karl (1991) and Valenzuela (1989).

In *Rethinking Recent Democratization Lessons from the Postcommunist experience,* Bunce (2003) expands the geography of conversation of transition literature beyond the Latin American and Southern European contexts to apply it to postcommunist regimes. While doing so, she problematizes the propositions of the elite-centric transitology approach, arguing that in the context of postcommunist regimes, the most successful transitions to democracy have

been the ones preceded by mass mobilization (Bunce 2003, 172, 188). For example, she argues that the disintegration of authoritarianism happened because of mass mobilization rather than because of the elites' will to enable a transition. Furthermore, she argues, given that transitions are governed by the necessity to create alternatives, mass mobilization did just that by conferring legitimacy upon a large opposition and pushing authoritarian leaders to bargain with them (Bunce 2003, 172). While the political context in postcommunist is theoretically more conducive to uncertainty, the transitions Bunce studied showed otherwise. Mass mobilization had empowered the opposition and forced the communists to "give up their defense of the old order" (Ibid, 172, 188). Mass mobilization thus shaped the interests of the communists and "made them aware of the division of power between them and the opposition" (Ibid, 189). As pertaining to the role of the military, mostly associated with derailing democratization, the scenario did not present itself in the postcommunist regimes, given the long tradition of civilian control over the military (Ibid, 175).

Bunce's contribution provides fresh insight and fills the gap in the transitology approach by showing that transitions from authoritarian regimes are shaped by the local contexts. Bunce shows that elite decision-making does not take place in a vacuum but that it is sometimes shaped by the mass mobilization. However important her general insights are, Bunce does not specify who constitutes the masses, who mobilizes, how they mobilize, or why they come to play such an important role in democratization processes. That the masses should be factored in is given primacy over who the protagonists are in such processes, which latter is a central theme in this dissertation.

1.2.2.3 The Path-Dependent Approach

The path-dependent approach offers remedies to the shortcomings mentioned above. Scholars working with this approach argue that short-term processes cannot always explain political outcomes. One of the seminal pieces of work in this tradition is Terry Lynn Karl's *Dilemmas of Democratic Transitions* (1991). Karl moves beyond the ahistorical objective premises advanced by the previous transition literature regarding the personal rules that govern decision-making in the course of transitions. In Karl's model, actors behave based on their interests, which are constrained by the historical evolution of socio-economic structures and political institutions. She moves beyond the pure rational choice perspective toward adopting a historical approach that immerses decision-making processes in their structural and

institutional determinants. Karl combines Moore's structuralism with the transition literature to propose a path-dependent approach (Ibid, 3-5) that overcomes the "determinism of the former and the voluntarism of the latter" (Ibid, 8). One of the central contributions made by Karl is her adoption of a "process-oriented analysis based on structured-contingency" (Ibid, 5). Central to this notion of contingency is the idea that decision-making is conditioned by subjective rather than objective rules (Ibid). Karl, therefore, acknowledges the important role of actors during uncertain transitions from authoritarian rule in striking deals, marginalizing some factions, and imposing their socio-economic and political preferences on the process. From this perspective, decision-making is conditioned by structural and institutional constraints that are themselves a product of history and years of authoritarian rule. "These (constraints) can be decisive as they may restrict or enhance the options available" for major actors (Ibid, 6). Karl's model also moves away from a pure focus on the role of compromise in modes of transition to argue instead that some transitions are the outcome of the use of "overt force" (Ibid, 8). Most importantly, she restores the masses to their position as important actors in transition processes. By integrating these factors, she proposes a typology of four types of transitions: "reform, revolution, imposition and pact" (Ibid).

While accounting for the role of the masses, Karl echoes some of the findings originally articulated by Mainwaring (1989). The latter suggests that both the elite and the masses should be brought back into the study of transitions. Mainwaring suggests that instead of favoring one actor at the expense of the other, one should consider the various linkages between the two. Karl (1990) goes further in her analysis, as she warns against the excessive mass mobilization in transition processes. She writes, "no stable democracy has resulted from regime transitions in which mass actors have gained control even momentarily over traditional ruling classes" (Ibid, 8). While Karl's path-dependent approach takes into consideration how structural arrangements shape calls for regime change, it is ultimately inspired by the "crisis of authoritarianism" rather than the crisis of capitalism under an authoritarian regime. It is not explicit about how specifically capitalism dispossesses the average citizen, creating avenues for their mobilization under authoritarianism and setting the stage for democratization. Consequently, it is not specific about the social groups or classes that can play a protagonist role in democratization processes, which is a central concern for this dissertation.

While Karl, like Bunce (2003), refers to the "masses" in her work, Valenzuela is more explicit about focusing on the important role that organized labor has played in transition processes. He argues that the working class' organizational capacity and its ability to disrupt

the economy makes it stand out compared to other forms of mass organizing in transitioning times. Valenzuela (1989) warms that there is a need for moderation when it comes to labor organizing. He argues that a radical working class can derail the democratization process and suggests that it is important for labor to devise strategies during times of transition. This observation leads him to the following conclusion: “the ideal mix for democratization is high labor mobilization at certain critical moments and a breakdown of authoritarian institutions followed by restrains when the political agendas shifts in favor of democratization” (Valenzuela 1989, 450). Applied to the Brazilian case, the argument suggests that in Brazil the successful transition to democracy occurred because the working class moderated its strategies and forfeited its combativeness in post-military Brazil. However, a closer examination of the patterns of labor organizing in post-military Brazil paints a much more complex picture. First of all, workers and peasants did not forfeit combativeness immediately. Rather, workers organized the largest wave of strikes in the first few years under civilian rule, which proved to be necessary in post-military Brazil to curb the military’s continued influence over politics (Annex). Between 1985 and 1988, the character of the strikes suggests that workers continued to embrace combativeness. The number of strikes demanding the betterment of working conditions outnumbered the defensive strikes (Annex). In fact, it was only with the deepening of neoliberal reforms as of the mid 1990s that the character of the strikes changed and that their numbers diminished significantly. At this stage, the changing patterns of working-class mobilization could not solely be explained by the strategic choice of the working class; at play were also the structural effects of neoliberalism that altered working class mobilization towards greater moderation. It is only as of the mid 1990s and later on when the PT rises to power in 2003, that one could speak of a working class strategically moderating its discourse and its attitudes. In sum, as important as Valenzuela’s insights are, the cases suggest that there needs to be more precision as to the specific moment when workers should strategically shift their attitudes toward greater moderation.

1.2.2.4 Political Economic and Class Based Perspectives on Democratization

Combining Political Economy and Actor-Centrism

Haggard and Kaufman (1997) argued that economic factors play an important role in transitions. Building on the strategic approach, they attend to the failure of transitology to account for the generation of preferences (Haggard and Kaufman 1997, 265). They suggest a political-economic approach that looks in particular at how economic conditions shape “preference generation, strategies and resources of key actors” (Ibid, 266). This approach

leads them to distinguish between transitions that happen during economic crises and those that happen when economic performance is strong (Ibid). The central factor identified as leading to democratization in transitology - the divisions within the authoritarian structure - can be observed in countries that witnessed an economic crisis. However, while their argument might hold its grounds for 1985 Brazil, it is challenged by the Egyptian case. At the moment when Mubarak was removed in February 2011, the Egyptian economy was not experiencing an economic "crisis" (Annex). Rather, the structural effects of neoliberalism weighed heavily on the poor and the working class, leading to their mobilization and the de-legitimization of the Mubarak regime. Hence, although the authors "place the strategic interaction in its wider socio-economic context" (Ibid, 277), their analysis does not capture how structural arrangements shape regime change, a central theme in this project.

Boix's *Democracy and Redistribution* (Boix 2003) and Acemoglu and Robinson's (AR hereafter) *Economic Origins of Dictatorship and Democracy* (2006) combined a political economy approach with a game-theoretic strategic approach to explain democratic transitions (and in AR's account the conditions that lead to democratic consolidation). The two works are similar in the sense that they draw their main inspiration from the Dahlian calculus pertaining to the costs of tolerance under authoritarian rule that eventually leads to democracy, and the costs of repression that could derail the democratization process. They combine this calculus with a game-theoretic approach that "models the attitudes of various individuals and groups toward different policies" (Acemoglu and Robinson 2006, 15). At the heart of Boix's and AR's accounts are the conflicts over economic redistribution that precede and drive democratization processes. Such conflicts emerge between the wealthy and the poor in Boix and the elites and the citizens in AR. Boix argues that democracy takes shape under two conditions: low levels of inequality and high levels of capital mobility. The combination of the two factors leads to a situation wherein the owners of capital would tolerate democratization. This outcome is to be explained by the fact that in this context there is no pressure for economic redistribution and that capital does not fear expropriation or higher taxation. In other words, the costs of tolerance are highest in economies that are marked by low levels of income inequality. If income inequality is high and capital is immobile (e.g. landed capital), the outcome is authoritarian resilience. The tensions between the owners of capital and the poor are exacerbated given that the latter's demands for economic redistribution, and hence higher taxation on immobile capital, triggers capital's anxiety, which in turn expresses itself as resistance to higher levels of taxation. The costs of tolerance are thus made higher than the costs of repression, leading to authoritarian survival (Ibid, 3).

However compelling the arguments presented by Boix on the economic determinants of the costs of tolerance and repression, the argument is challenged by empirical facts. In the last years of military Brazil, capital was forced to remain immobile. This condition was governed by the Mexican debt crisis that reached Brazil and exacerbated the conditions for capital investments abroad. This was also conjoined to high levels of inequality that had placed pressure on the state to redistribute income more fairly to lower-income earners. One would then expect that under such conditions local capital would favor the entrenchment of military rule rather than support the transition to civilian rule. The converse happened; the bourgeoisie stood with the transition to civilian rule, where it saw its best interests being met. It is therefore not enough to assess capital's stances on democratization, or lack thereof, based on the pressures for economic redistribution and capital mobility/immobility.

Unlike Boix, AR argue that in the context of non-democratic regimes with low income inequality, the likelihood of a democratic transition is grim because citizens are already benefiting from the regime in place (AR 2006, 37). Some level of inequality is necessary for citizens to overcome the collective action problem and to become aware of their temporary and often short-lived *de facto power*, which would in turn trigger mass mobilization by citizens bringing forward challenges to authoritarian rule (Ibid, 25, 27). The elites with *de jure power* would tolerate a transition to democracy, feeling threatened by the revolutionary zeal and by threats that "the wealth of a society could be destroyed" (Ibid, 26). The elites' main concern is therefore to tolerate the transition to democracy in order to preempt a revolutionary alternative (Ibid). They conclude that the likelihood of democracy is highest in the context of middle levels of inequality where citizens are not totally satisfied and the elites "are not so averse to democracy that they resort to repression to prevent it" (Ibid, 37). To this observation they add another contribution to the Boix proposition about capital mobility or lack thereof, arguing that "democratization is more likely in a more industrialized society where the elite own significant physical and human capital than a more agricultural society where the elites are mainly invested in land" (Ibid, 32). The arguments presented by AR are compelling indeed; however, they also lack historical specificity and are based on the inequality indicator under authoritarian regimes, which is often manipulated by authoritarian governments to conceal dispossession under their rule. Furthermore, the authors do not present a convincing argument as to why the elites would tolerate democracy in the first place.

The Class-Based Comparative Historical Approach (CHA)

This research adopts and updates the CHA outlined by Rueschemeyer, Huber, and Stephens (RSS) (1992). The following section discusses the main influences on the RSS (1992) approach, Moore's work on the *Social Origins of Democracy and Dictatorship* (1966), as well as the basic tenets of the RSS (1992) approach. The section suggests that the RSS model needs to be updated by taking into consideration class struggles under neoliberal capitalism, which were not addressed by the authors.

Rueschemeyer, Stephens and Stephens (RSS) (1992), and Moore (1973), adopted a Marxist approach to classes and class struggles. Their works thus provide a historical and contextual analysis of their cases, and reflect on the impact of the countries' respective political economies in terms of social structures. The emphasis on class conflicts as an engine of social and political change suggests an affinity with Marxist historical materialism (Rueschemeyer, Huber, and Stephens 1992, 47); it also illustrates the class struggles that inspire regime change. Despite agreeing with the Marxist tradition, they move away from Marx in a meaningful way, especially in their conceptualization of the state. Their discussion of the state is thus one inspired by a Weberian approach. A central theme emerges from this scholarship: the shifting relationship between authoritarian elites and existing social classes. In other words, structural arrangements shape the nature of the regime type that emerges.

Moore's *Social Origins* disputed the idea that there was a single outcome to modernization to show instead that different paths lead to different outcomes and that "industrialism was the main cause of twentieth-century totalitarian regimes" (Moore 1973, iix). His central objective was to explain the multitude of "political roles played by the landed upper classes and the peasants in the transformation from agrarian societies […] to modern ones" (Ibid). In particular, he ventures into a comparative historical approach to examine closely the historical context under which the upper classes and the peasantry shaped the transition to parliamentary democracy, fascism, or communism (Ibid). To answer his puzzle, Moore advanced a class-based perspective, but moved away from the Marxist tradition in important ways. Firstly, in Moore's account it is the bourgeoisie rather than the working class that plays the protagonist role in social and political struggles, including the struggle for political democracy. Moore emphasized the role of the bourgeoisie in mounting significant challenges to feudalism and to the monarchies to replace them with democratic rule, putting the bourgeoisie at the peak of socio-economic and political power. His work became associated with the famous slogan "no bourgeoisie, no democracy" (Ibid, 418).

Secondly, Moore distinguished himself from Marxism by focusing on the historical circumstances that underlie the class conflict and class power that shaped different paths to modernization (Ibid, 423). He examined how the bourgeois impulse at the moment of the revolution (strong, weak, or medium), the modes of commercial agriculture (labor repressive or market oriented), and the peasant revolutionary potential (high or low) shaped prospects for democracy, fascism, and communism. According to Moore, for democracy to take root, the bourgeoisie and the landed elites should be independent from the crown, the transition to commercial agriculture should be complete, and prospects for peasant mobilization or revolution should be dealt with (Ibid, 40, 419). Such conditions lead to a transition to democracy because they could yield to an enabling environment for inter-class alliance formation between the bourgeoisie and the landed upper classes against the monarchy (Ibid, 423-425). With the commercialization of agriculture, the landed upper classes become less vested in supporting the monarchy and develop interests that are congruent with those of the bourgeoisie (Ibid, 425). Consequently, since the bourgeoisie is perceived as the protagonist and the dominant actor in struggles for democracy, Moore suggested that whenever the bourgeoisie and the landed upper classes remained autonomous from the monarchy and controlled the political and economic powers, a capitalist bourgeois democracy emerged (Ibid, 40). This limited bourgeois democracy would help the bourgeoisie to further their own socio-economic interests. Moreover, the ways in which the landed upper classes and the peasantry positioned themselves from the commercialization of agriculture was decisive in determining political outcomes. Moore suggested that if any other class dominates, the outcome would be different: either fascism, if the landed upper classes dominate, or communism, if the peasantry dominates.

Moore's seminal work is not without its limitations. His conceptualization of democracy and conclusions about the role of specific classes, such as the landed upper classes and the bourgeoisie, did not generate much support among proponents of the class-based approach to democratization and regime change. RSS (1992) challenged the Moorean claim of "no bourgeoisie no democracy." RSS (1992) agree that the bourgeoisie challenged feudalism and absolutism. However, they hold that the bourgeoisie is perceived as one of the classes that undermine democratization. In Egypt, for example, a state-dependent business community was invested in supporting Mubarak's authoritarianism rather than in economic and political liberalization. In fact, the state-dependent business class became tied to the Mubarak regime, both ideologically and economically, and contributed to entrenching his rule. Furthermore, the business community played an instrumental role in supporting the 2013

mass mobilization that supported the military coup against the democratically elected president from the Muslim Brotherhood. In a similar vein, in Brazil the business community withdrew from the pact that sustained military rule for two decades, but they also sought to pursue repressing and oppressing the poor and the working class in post-military Brazil.

The RSS (1992) model provides a corrective, arguing that it is the formal working class that has played the most important protagonist role in the struggles for democracy. RSS advance a "relative class power model" (1992, 59) to problematize the relationship between capitalist development and democracy. Democracy, they argue, is "a struggle for class power" (Ibid, 5, 47) between the subordinate and the dominant classes over the right to rule. It is the nature of these power struggles that shapes "the path to democratization and its ability to maintain itself in the face of adverse conditions" (Ibid). Social classes, according to this model, are organized along a spectrum: the dominant classes occupy one end and the subordinate classes the other (RSS 1993, 74). Landlords and the bourgeoisie - the capital owners - constitute the dominant classes (Ibid). Workers in the agrarian and the industrial sectors, as well as the middle classes, constitute the subordinate classes. The middle class gravitates around independent "small and medium farmers, craftsmen, merchants and the white-collar employees" (Ibid).

RSS pay attention to a class-based analysis; they investigate the "structure of class coalitions and the relative power of different classes" (Ibid). This shapes prospects for regime change profoundly (Ibid, 6). In particular, they challenge the central premises of the argument presented by modernization theorists and by one of their main influences, Barrington Moore (1966). Although agreeing with Moore that it is the middle class that challenges feudalism, they disagree with him on its role in democratization processes. Drawing from their classification, they argue that "those who have to gain from democracy will be its most reliable promoters and defenders, those who have the most to lose will resist it and will be most tempted to roll it back when the occasion presents itself" (1992, 57). RSS's central thesis is that democracy will bear fruit only when the subordinate working class' organizational capacity rises to a level where it can challenge the hegemonic economic and ideological structures of dominant classes (RSS 1993,74). It is the working class, rather than the bourgeoisie and the middle class, that will push for an inclusive democratic system. The working class is the one invested in a democratic system that will extend universal suffrage, because such a democratic system allows for the incorporation of their demands and interests by the political leaders (Ibid, 57). The working class, unlike other subordinate classes, can organize itself and express its interests. Furthermore, it is expected that it would push for full

democracy, which holds the promise of "including the class in the polity where it could further pursue its interests" (Ibid, 7). The exception is when the “working class was initially mobilized by a charismatic but authoritarian leader or a hegemonic party linked to the state apparatus” (Ibid, 8).

The authors do not take the empowerment of the working class for granted. They argue that the working class needs to forge its way into democracy. Echoing Marx, RSS argue that it is the unintended consequences of capitalism and the contradictions inherent in this system that lead to democratization (Ibid, 7). In the RSS approach, capitalist development is associated with the rise of democracy in two primary ways: in enlarging the working and the middle classes and facilitating their self-organization, and in weakening large landowners. It is worth noting that the nature of landownership and land use changes under capitalism. Large landowners as a traditional political class were weakened but the large landowners who made the transition to modern capitalist agriculture were not. In the RSS (1992) approach, the “relative class power” which refers to the density of civil society advances the chances for democracy (Ibid, 59). Capitalism strengthens the organizational skills of an otherwise fragmented working class. It does so by facilitating the means of communication and transportation and paves the way for workers to organize themselves and pursue their interests (Ibid, 6).

Consequently, the influence of the working class strengthens and the prospects for democratization deepen. However, the strengthening of civil society should not only be measured by its density; instead, its strength should be measured by its ability to mount challenges to the ideological hegemony of the dominant classes.

> “It is the growth of a counter-hegemony of subordinate classes and especially the working classes (developed and sustained by trade unions and parties) which is critical for democracy promotion” (RSS 1992, 50).

It is when the working class is empowered enough to forge an alliance with the middle classes against the old guard of the regime that real democratization of the regime comes about. In this scenario, the position of the middle class is relatively ambiguous. It is supportive of full democracy when able to strike an alliance with a strong and not too radical working class. Otherwise, the middle class plays a vital role in enlisting the military's help and in reinvigorating authoritarian rule whenever its interests are at stake (Ibid).

This dissertation will be inspired by the RSS (1992) putting of social classes at the

center of the analysis of democratic citizenship and democratization processes. It is also inspired by how RSS put the dispossessed and disenfranchised classes at the center of social and political change. However, this research also seeks to fill important gaps in the RSS account. In fact, the RSS approach is premised on the contradictions of the Fordist capitalist model, which is marked by the concentration of the workforce in large enterprises. What happens in contexts where this developmental model came under attack? Or was altered by the advent of neoliberalism? What happens in the context where the working class is fragmented and downsized by mechanization, automation, and other factors? If one was to follow the line of argumentation presented by RSS, one could easily conclude that in such contexts, prospects for subordinate and working-class organizing and mobilization are grim and even non-existent. However, this scenario did not take shape in Egypt where, under Mubarak's neoliberal rule, the working class led the most significant wave of protests, bringing about 3 million workers to labor action between 2004 and 2011 (Beinin 2016; Abdelrahman 2015). Even under a neoliberal model, the working class continued to matter, but the question in theoretical terms brings us back to the necessity of accounting for both workers' mobilization and organization and the nature of their inter-class alliances (Harvey 2014).

To this end, this dissertation attends to the contradictions of the varieties of capitalist development as well as their effects on class structures, organization, mobilization, and class struggle. Underlying the RSS account is the traditional leftist tension between capital and labor, emphasizing the contradictions in the production process. However, as David Harvey eloquently argued, the working class is not only exploited in the production process but in the realization process as well (2003; 2007; 2013). Moreover, in post-Fordism, there is a necessity to understand that the formal working class needs to be mobilized and organized to launch its counter-hegemonic action, but equally important is that other subordinate classes mobilize and organize as part of a broader coalition of subordinate classes that seek to challenge the ruling coalition. The breadth of this coalition ensues from the process of "accumulation by dispossession," which widens the margins of the informal economy and unemployment. To better understand these tensions and their effects on class structures in post-Fordism, I combine RSS' approach with David Harvey's rendition of Marxian economics and his conceptualization of the process of "accumulation by dispossession."

The working-class continues to constitute the heart of counter-hegemonic organizing, but they have to be understood and embedded in other struggles initiated by other subordinate classes equally resisting the process of accumulation by dispossession. The neighborhood

associations demanding better housing and living conditions or protesting state neglect, the struggles of the peasants demanding land distribution, and the struggles initiated by the middle class and demands for political amnesty are all equally important in delegitimizing the regime in power and its pact with capital. This dissertation therefore argues that the rise of the subordinate classes' counter-hegemony is a phenomenon that happens at the level of society and spreads horizontally across different sectors of the economy, leading to the de-legitimization of the regime in power. On this point this dissertation also moves away from the RSS (1992) account. Their conceptualization of inter-class alliances is one that takes into consideration only the alliances between the formal working-class and the middle-class; other classes, such as the urban poor and the peasants, are neglected. Thirdly, the authors assume that it is when workers forge their way to democracy through the creation of parties and unions that democratization takes place. However, the process by and the context in which non-corporatist union organizing and new parties are formed are not analyzed. As much as this dissertation is inspired by the struggles from below, it does not neglect what happens at the upper levels of decision-making. In particular, from a perspective rooted in capitalist development, an analysis of the disintegration or lack thereof of the pact between the dominant/business community, the authoritarian regime, and the military is in order to understand the context in which the transition took shape and how it shaped the chances for the dispossessed and the disenfranchised classes to organize. Finally, RSS suggest that democracy comes about when the balance of class power shifts in favor of the poor and the working class. However, they do not suggest avenues by which one can assess this question of the "balance of class power." In this dissertation, I propose an assessment of the balance of class power from a political economy perspective, one that assesses whether capital was challenged in its material and immaterial power, and whether the poor and the working class were empowered. I also propose that shifting the balance of class power in favor of the poor and the working class is not in itself a measure of a democratic regime, but it is an important condition for maintaining democracy that favors the socio-political and economic interests of those who were previously marginalized from both.

Democratization and Labor in Brazil: The Scholalry Debate

This research is inspired by the political economy approaches that have analysed the integration of Brazil in the world economy and the transition from an agro-export oriented economy to industrialization and later on to neoliberalism and neodevelopmentalism (O'Donnell 1978; 1979; Filho and Morais 2018). From O'Donnell (1978; 1979) this dissertation borrows the idea that the economic models determined the regime types, the pacts of domination and the state functions erected in populist and post-populist Brazil. It also borrows from O'Donnell his definition and conceptualization of the Bureaucratic Authoritarian regime, which was erected in post-populist Brazil to deepen industrialization. From Filho and Morais (2018), I borrow their reading of contemporary Brazilian political economy and the transition to neoliberalism and then to neo-developmentalism under the PT administration.

The case specific literature on Brazil has been divided over the role of actors in the transition process. Mainwaring (1986) argued that the process of democratization started with the military regime's will to pursue liberalization. Arguing along the same lines, Alfred Stepan's (1988) *Military Brazil revisisted* rooted the explanation of regime change in Brazil in the divisions between what he described as the military in government, the military as an institution and the military's security apparatus. Stepan argues that the military as government and the military as an institution were skeptical of the threats posed by the expansion of the security apparatus on the longterm institutional interests of the military. Hagopian (1991) also builds on the idea of the military-initiated transition to argue that the post-military pact had preserved the priviledges of the military and had compromised the foundations of democracy.

It is in Stepan's edited contribution *Democratizing Brazil,* that the author brings a more nuanced contribution to the democratization process in Brazil moving beyond the focus on the elite and the military to account along with his co-authors for the roles that civil society actors played in democratizing authoritarianism. For the scholarly work that took into consideration the social mobilization that preceded the transition from military rule to civilian rule, the work by Alves (1985) on the opposition under military rule accounts for the plethora of mobilization and struggles under military rule but Alves suggests that it is the middle class which bore the brunt of the failed economic policies rather than the poor and the working class that had played a protagonist role. Keck's work moves the focus to examine the working-class struggles, the emergence of new unionism and the Workers' Party (Keck

1989). Keck (1992) later on examines how the PT came into existence and how it expanded its base of support beyond the blue-collar industrial working class to appeal to the broader middle class, the peasants and the urban subalterns. Keck's (1992) work inspires this project but it also builds on the insights by Seidman (1994). Seidman does not only take into consideration labor mobilization under military rule but acknowledges the struggles of the urban poor for better housing, access to public services, etc. Seidman's work examines how unions and urban community organizing viewed their struggles as historically, socially and politically connected, an interconnectedness that challenged both the employers and the state. Finally Riethof (2018) looked at the formal working class to draw conclusions about how the labor movement, which emerged defiant to the military moderated its stances and moved towards pragmatic stances over the years and especially under the PT. She argues however that the process is not linear neither it could be assumed that the CUT had immediately followed the trajectory of the PT. Rather she argues that altough "CUT's trajectory undoubtedly became closely intertwined with the PT government, to reduce the union movement's position to one of co-optation and conservatism obscures the dilemmas this relationship generated" (Riethof 2018, 4).

This dissertation borrows from this literature and in particular the political economy approaches (see Saad Filho and Morais 2018) to trace the process that had unfolded over time with Brazil's integration in the global economy and the way this had affected structural arrangments and prospects for democratization and regime change. As the approach accounts for the class struggles and the ways in which they challenged authoritarian capitalism, it extends the analysis beyond military Brazil to argue that democratization and regime change had to take into account the process through which civil and political rights were granted and whether socio-economic redistribution had been incorporated as part and parcel of a democratic citizenship. This combination would lead us to the conclusion that while the military enabled the transition, they were not the ones to grant the expansion of democratic rights. Rather it was the poor and the working class who through their struggles and constant confrontation with capital and the state that had forced concessions from the elites in post-military Brazil. The dissertation also proposes to look at PT Brazil, to shed light not only on the moderation of the union movement, but to embed the question of the deepening of democracy under PT in the neo-developmental model that it had adopted. Hence and while Riethof (2018) rightly points to the fact that CUT's moderation has not been a linear process, she does not take into consideration the pact erected under the PT's neo-developmental and

the alliance between capital, the formal working class and the low and middle-income to sustain this economic model, generate economic growth while pursuing income redistribution to the lower income. She also does not acknowledge how this pact disintegrated leading to the demise of the PT rule and the progressive social policies that had accompanied Lula's and Dilma's administrations. This dissertation pays attention to such themes in order to understand whether the balance of class power had shifted in favor of the poor and the working-class or not in post-military Brazil.

1.3 Theoretical Framework

The purpose of the following section is to revisit some of the literature and theoretical debates in relation to the important concepts and the relationship between them. I will start by reflecting on capitalism and its effects on social classes, the emancipatory potential of class struggles, and inter-class alliances that pave the way for tipping the balance of class power in favor of the dispossessed classes, the question of the state autonomy from capital or lack thereof, the determinants of the coercive apparatus' attitudes toward democratization processes, and the issue of state-society relations. In this dissertation, I examine the effects of the capitalist transformations on both social classes and the state. It should be noted, however, that neither society nor the state are passive actors. States shape the economy and social classes shape the state. It is also worth noting that international structures and the regional context play an instrumental role in shaping the economy, the state, and social classes, but an in-depth analysis of the international and regional context is beyond the reach of this dissertation.

1.3.1 Marx, Polanyi and David Harvey on Capitalism, the Market, and Emancipatory Class Struggles and Class Alliances

In Marxian terms, a capitalist mode of production is a "production relation of bourgeois society" (Tucker, Marx, and Engels 1978, 207), whose wealth is defined by "an immense collection of commodities" (Ibid, 302). Therefore, in Marxian terms a capitalist mode of production is to be understood in the context of industrial societies where the owners of the means of production (the industrial capitalist in Marx) control the production and circulation of commodities to accumulate profits (Ibid, 334). The accumulation of wealth/profits in Marxian terms occurs by increasing production, where money is turned into capital through the purchase of commodified labor power (Ibid, 336-337) and of the means of production to produce commodities that can be sold for a profit through the extraction of surplus value (Ibid,

351). Underlying this process are social relations that mediate this process and that are premised on private property and the commodification of labor, which is sold in return for wages. It is also premised on the concept of an accumulation process that divorces the producer from the product and the wealth/commodities it is producing (Ibid, 350). The process is imbued with power relations that are not natural, but are the specific historical developments and outcomes of capitalism (Ibid, 338).

In the Marxian account, classes are therefore social relations that emerge from the unevenness in the distribution of rights and powers that people have over productive resources and the appropriation of the results (profits) of this productive process (Wright 2009). Marx therefore highlights the interdependence between the conditions and the activities of the capitalist classes and the working classes (Ibid). In addition to the capitalist exclusionary control over the means of production, the capitalists strive to accumulate wealth through the "commodification" of labor power and the alienation of workers: "the existence of a class, which possesses nothing but its capacity to labor is a necessary prerequisite of capital" (Tucker, Marx, and Engels 1978, 207).

Marx linked patterns of exploitation ("inequalities in rights and powers over productive resources") and domination ("the ability to control the activities of the other") of labor power to social and political effects and prospects for change (Wright 2009, 106). The process of production creates avenues for cooperation at the level of industry, which in turn paves the way for resistance to capital, "as the number of cooperating laborers increases so too does the resistance to the domination of capital and with it the necessity for capital to overcome this resistance by counter-pressure" (Tucker, Marx, and Engels 1978, 385). In this analysis, the contradictions of a capitalist industrial economy become clear when the bourgeoisie force workers who live by selling their labor power into industry, and when the working class becomes aware of the necessity of developing resources and acting collectively. As workers develop their class-consciousness, they also develop the trade unions that give their consciousness a frame to rise against the domination and exploitation by the bourgeoisie.[14] In Marxian terms, class struggle under a capitalist economy leads to an

[14] Marx and Engels wrote in the Communist Manifesto "Now and then the workers are victorious, but only for a time. The real fruit of their battles lies, not in the immediate result, but in the ever-expanding union of the workers. This union is helped on by the improved means of communication that are created by modern industry, and that place the workers of different localities in contact with one another. It was just this contact that was needed to centralize the numerous local struggles, all of the same character, into one national struggle between classes. But every class struggle is a political struggle. And that union, to attain which the burghers of the Middle Ages, with their miserable highways, required centuries, the modern proletarian, thanks to railways, achieve in a few years" See *The Communist Manifesto*, at: https://www.marxists.org/archive/marx/works/1848/communist-manifesto/ch01.htm

emancipatory project whereby the proletariat emerges as the vanguard of the revolutionary transformation that could free them from their "chains."

Polanyi's *Great Transformation* warns against the "satanic mill" of a self-regulating market, as well as its social consequences. Polanyi's contribution is in conceptualizing the market as well as the emancipatory struggles in a market-economy, moving away from Marx's focus on the factory and the formal working class to incorporate also community organizing. Polanyi argued that the transition from a pre-industrial phase, where the market was socially embedded, to an industrial phase, where the market became socially dis-embedded and subordinated society to its exigencies, brought important socio-economic transformations. The process translated to a "fictious" commodification of the means of production (nature/land, human activity/labor, and money) that in turn maintained a market society perpetuating the idea of an expansionist and self-regulating market (Polanyi 2001, 76). Moreover, as the market expanded, so did social resistance to the market's encroachment on social and economic life and its disastrous effects (Ibid, 136). Polanyi did not confine the anti-market struggles to working-class struggle. Rather, Polanyi moves beyond the perception of the working class as the only driver of social change, to propose a more diffused approach, which puts an emphasis on community struggles and resistance. In Polanyi's perspective, it is not only the economic and material demands (wages) that were contested, but, more broadly, the social issues that arise from the dislocations created by a market economy and the commodification of labor and land. The struggles not only took place at the factory level, but also at the community level. This conceptualization of anti-market struggles is at the heart of inter-class alliance formation, which cuts across the concept of inter-class resistance and alliance formation to capitalism.

Combining insights from both Polanyi and Marx, Harvey argues that there are other processes through which capital accumulates profits and that have dire implications for subordinate classes, including the working-class. Harvey points to the duality underlying capital accumulation, suggesting that "the two aspects of expanded reproduction and accumulation by dispossession are originally linked and dialectically intertwined" (Harvey 2003, 176). "Accumulation by dispossession" entails "the extraction of income and wealth from vulnerable populations. The stealing back of privileges once acquired such as pension rights, as well as free education and the adequate services that underpin a satisfactory social wage" (Harvey 2014, 68).

Harvey is inspired by the contradictory unity between production and realization that Marx pointed out in *The Grundrisse*. As Harvey argues, the working class is not only crucial

for the capitalist system to produce commodities; it is also a consumer of commodities (Harvey 2014, 80). However, “the realization of commodities in a capitalist system and thus of surplus value, is not restricted by the consumer needs of society in general but by the consumer needs of a society where the great majority are always poor and must always remain poor” (Ibid, 81). Workers’ struggles for better working conditions and higher wages might lead to some successes, but that is not the only concern from their standpoint. This is particularly the case because

> “they suddenly have to pay it (their wage success) *back* to the bourgeoisie in the form of rents, telephone bills, and so on. So, from the standpoint of the worker, there is a concern not simply with what happens at the point of production, but also with how much housing costs, and how much you pay for goods and services, commodities in the shops, hidden charges from paying interest on mortgages, and all the rest of it” (Harvey 2013).

Without abandoning the capital-labor tension, Harvey proposes a more nuanced approach to the way class struggles are viewed and studied. Harvey accounts, for example, for the diversity within the capitalist class and the connections among the “industrial capitalists, financial capitalists, merchant capitalists, landed capitalists, and managers” (Resnick and Wolf 2004, 98). Such an approach also yields a broader spectrum of subordinate classes (urban poor, middle classes), thereby opening up fronts for new anti-capitalist struggles, where the struggles at the workplace are joined to the struggles over daily life, an idea that had been suggested earlier by Karl Polanyi. The forms of dispossession central for capital accumulation under neoliberalism constitute “an unprecedented opportunity for creating a broader alliance, one able to encompass the various social groups deprived and dispossessed by such processes, and the increasing ranks of the alienated and discontented” (Roccu 2013 b, 423). Workers are one of the main classes that bear the brunt of such accumulation processes. In addition to workers, the urban poor and the middle class are also disadvantaged by economic restructuring and become part of the anti-capitalist struggles.

As this dissertation combines insights from the aforementioned authors, it is important to highlight a few themes that go unattended by these classics. To start with, the effects of capitalism on class formation, and the class’ capacity to mobilize and organize, are not uniform and are shaped by the ways in which capitalism accumulates profits. Industrial capitalism exists with rent seeking and financial capital. While industrial capitalism exploits and dominates labor power and hence accumulates profits in the production process, other

forms of capitalism (rent seeking and financial capital) accumulate capital by imposing higher interest rates, assaulting and reselling public assets such as land and resource materials, commodifying social and economic rights (the right to housing, education, health-care), and so on.

The implications of such processes of capital accumulation are dire for emancipatory class organizing. In the industrial sector, the formal industrial working class, especially if it constitutes a large proportion of the labor force, can force losses and concessions from industrial capital whenever it strikes. However, if capital is non-developmental, then forcing losses would not only result in the launching of industrial strikes; it invites bringing capital circulation to a halt. As a result, while the formal working class bears the brunt of commodification and financialization, it ought to bond and form alliances with other social classes equally struggling with commodification and with the stealing away of their rights. Those who are disenfranchised and dispossessed by such processes ought to organize, but also to form alliances with each other to challenge those who have the highest stake in dispossessing them. This observation is borrowed from David Harvey, but it is worth noting that Harvey talks only about urban struggles; the struggles of the peasants are almost entirely absent from his analysis.

Furthermore, as Harvey argued, neoliberal restructuring shapes our conceptualization of the dispossessed social classes. While conditions for the formal and informal working class worsened under neoliberalism, we can also note downward social class mobility experienced by the middle class. For example, during the 2011 Arab uprisings, research and international organizations published reports highlighting that a large number of educated Arab youth were not being absorbed by the labor market, and hence joined the ranks of the unemployed. This youth bulge and the high levels of unemployment can be partially explained by the quest of Arab regimes to cut public spending and to downsize the public sector, the largest recruiter of fresh university graduates, all under the banner of dealing with questions of deficit and state inefficiency. While some immigrated to the rich neighboring Gulf Arab monarchies, or to Western countries, a large number remained sitting on the margin with no social protection or benefits. To add to this situation, civil servants had also experienced significant downward social class mobility. As the imperative of dealing with the budget deficit presented itself, the first measure taken by the policymakers was to lay the burden of budget cuts on low- and middle-income civil servants. Hence, as some have already noted, public school teachers earn the lowest salaries (A. Alexander and Bassiouny 2014). Teachers had to fulfill several jobs to make ends meet, working as a schoolteacher in the day and a taxi driver at night, or giving

private lessons (Ibid). It is therefore impossible to discuss neoliberal capitalism without acknowledging that it has led to new conditions of precariousness and dispossession that were non-existent under state-led capitalism.

In the case where the industrial sector continues to exist, the changes within the structures of production have changed how the working class can mobilize and organize. For example, the contemporary industrial era is governed by Toyotism, which has replaced the old Fordist model. While Fordism was governed by the large concentration of workers in big factories that in turn facilitated the development of a common agenda, the articulation of common demands, and their capacity to strike and thereby to force concessions on capital and paralyze the economy, Toyotism introduced new technologies that have reduced the labor force at the workplace. Consequently, the working class has to overcome workplace fragmentation and geographical dispersion to be able to bond and challenge capital. While in the traditional leftist and Marxian account, the labor density at the workplace was sufficient to force concessions on capital and bring about a regime that responds to working-class interests, the introduction of new technologies and the dispersion of industries across different geographical areas has brought important challenges. It is no longer enough that workers strike; they also need to spread their mobilization horizontally, and across different industries. It is also not enough to force concessions from capital; the workers ought to articulate a common national agenda that transcends workplace fragmentation and geographical divisions.

Moreover, labor relations in the modern age have brought about flexible labor standards that pose important challenges for worker organization and mobilization. The introduction of temporary or contractual work has made it more difficult for workers to accumulate experiences in militancy at the same workplace, forge bonds with fellow workers, and sustain solidarity at the workplace level. Moreover, the introduction of temporary agencies that mediate the relationship between the employer and the employee has made the confrontation between capital and labor more difficult. The combined effects of such processes have dealt a blow to job stability and increased levels of unemployment. Workers are often on the defensive, struggling for their reinstatement rather than struggling for the betterment of their work conditions. Consequently, they are less defiant vis-à-vis capital.

Furthermore, it is impossible to talk about social classes without taking into consideration that they intertwine with other social divisions such as race, gender, ethnicity, and so on (Hanieh 2013, 7). One cannot ignore the fact that women are primarily the ones to

perform unpaid and underpaid precarious jobs. They are the major labor force in the precarious informal and agricultural sectors in the Arab world and Latin America (Annex). Consequently, women have emerged at the frontline of resistance in the urban peripheries in Brazil and Egypt, mobilizing the residents there and protesting state neglect. Race also intersects with social class formation. In Brazil, the precarious industrial jobs in the 1960s and 1970s mirrored the racial divisions in society at large. Manual industrial jobs were mostly performed by impoverished Afro-Brazilians from Brazil's northeast, while the owners of the means of production were white men or men of European descent.

The Brazilian case of the Workers' Party provides fresh insight into how gender, race, and nationality can intersect to further or undermine democratization processes. For example, when the party was established by workers struggling under military rule, they laid the foundations of a new identity that transcends the definition of the traditional working class to include white collar employees, the formal and informal working class, the landless peasants, and the urban working class, and for how this new branding of the social class intersects with broader questions of gender, race, and sexuality.

1.3.2 The State Shaping Social Classes and Democratization Processes

I have so far explored the relationship between capitalism and social classes; the relationship between capitalism and the state on the one hand, and the state and social classes on the other, has not been explored yet. On this particular issue, the approach adopted in this dissertation is one inspired by O'Donnell's arguments underlying his seminal work on bureaucratic authoritarianism (BA) in Latin America. It is worth noting that Egypt did not experience a BA regime. However, O'Donnell shapes this dissertation through the sequencing that he suggests. In broad terms, O'Donnell suggests that political regimes and the pacts that sustain them are a function of capitalism. Furthermore, he suggests that pacts that bring together social classes and social groups and that cement the regime in place are maintained through state functions that satisfy the diverse and conflicting social classes. Furthermore, in O'Donnell's approach, once a regime withstands the implementation of a specific form of capitalism, it is outlived by, transformed by, and adapted to the exigencies of the new capitalist model. As a result, a new social pact emerges and the state functions are updated and changed to meet the exigencies of this new social pact (See O'Donnell 1978; 1979).

This dissertation is inspired by the sequence proposed by O'Donnell's earlier work to understand how in particular capitalism shapes political regimes, the social pacts that underlie them, and the state functions that sustain them. However, there are important ways through

which this dissertation proposes to fill some gaps left by O'Donnell's analysis. First of all, echoing the Marxist approach to the state, O'Donnell assumes that the political realm is totally subordinated to the economic realm. The following section will lead to conclusions that although the state serves capitalist interests, it is not always serving the interests of the capitalist class per se; the state develops capitalist interests that are sometimes in harmony and at other times at odds with the interests of the bourgeoisie. Secondly, in O'Donnell's account the state is a unitary actor. The discussion in the two cases shows that there is a need to disaggregate the state to understand which fraction was vested in authoritarian stability, and which fraction supported the transition away from the authoritarian regime. Finally, O'Donnell categorizes state corporatism into two broad categories based on the regime in place (populist corporatism or BA corporatism). However, this approach to corporatism is too deterministic, and it assumes that there is just one type of populist corporatism or BA corporatism; the latter did not exist in Egypt in any form. By disaggregating corporatism, one can better understand how it becomes vulnerable to transformations.

State Power and State Autonomy

In the *Contribution to the Critique of Hegel's Philosophy of Right*, Marx starts by laying the foundations of his views on the state. While challenging the Hegelian account, which depicted the state as the basis of "civil society," Marx argues instead that the "civil or bourgeois society is the basis of the state" (Marx 1978, 16). In Marxian terms, the state/the superstructure is the appendage to the economic base/the capitalist economy and is therefore "devoid of its own space and reducible to the economy" (Poulantzas 2000, 15). Marx and Engels stated in the *Communist Manifesto*: "the executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie" (Marx and Engels 1969, 15). Neo-Marxists have argued that the state is not totally subservient to capital's interests; the state is a contested arena of class struggles and it could enjoy a relative autonomy vis-à-vis capital, but would nevertheless keep capitalism as a mode of production working. Poulantzas best expressed this relative autonomy

> "Although the state is not created ex nihilo by the ruling classes, nor simply taken over by them: state power (that of the bourgeoisie, in case of the capitalist State) is written into this materiality. Thus, while all the State's actions are not reducible to political domination, the composition is nevertheless marked by it" (Poulantzas 2000, 14).

Proponents of “statism” have questioned the neo-Marxist claims concerning the state’s total or partial subservience to private interests. In “Bringing the State Back In” (Evans, Rueschemeyer, and Skocpol 1985) have positioned themselves away from the society-centric approaches that have reduced the study of political outcomes by looking at societal norms and values and have therefore ignored the state (Evans, Rueschemeyer, and Skocpol 1985; Steinmo et al 1992). Statists have also challenged the neo-Marxist perspectives that treated the state as an arena for class struggle and the accumulation of capital. These authors challenge the assumption of the state as the tool for dominant classes and argue that the state is an actor in its own right and has interests on its own that are independent from society. Guiding their research is a central question: What determines state autonomy and capacity? Their view of the relationship between state capacity and state autonomy is not a linear or a directly proportional one, but rather a dialectical one (Evans, Rueschemeyer, and Skocpol 1985, 435). The authors combine Hintzian and Weberian perspectives of the state. From Weber, they borrow the idea that the state is the set of differentiated administrative institutions and personnel where power radiates from the center to territorially demarcated boundaries where the state controls coercive means and issues binding decisions. They borrow from Hintz the necessity of putting the state at the intersection of international and domestic politics. From this perspective, the authors raise two equally important points. First of all, they depart from the idea that the state is autonomous, in the sense that it is able to pursue its goals independently from societal actors and classes. Secondly, they link the issue of autonomy to the state’s administrative and military capacity. Another central issue that drives this scholarly debate is the idea that the state is not shaped by societal actors but itself shapes societies and the formation of social interests.

Timothy Mitchell’s (1991) Foucauldian approach to the state challenged the abovementioned structural, Weberian view. Mitchell proposes to move away from a structuralist approach to the state to focus on its structural effects. He proposes to assess state power not only based on visible, material, and coercive power but also based on the state’s immaterial and invisible capacity to exert power by dividing subjectivities and transforming them into the carriers of power (Mitchell 1991). In this approach, the state creates compliance not only by force, but also through its structural effects, or what he described as “ghost-like” effects. As Mitchell argued, it is these structural effects of state power that play “a more inhibiting role undermining more daring forms of labor organizing” (Mitchell 1991,91). He writes that

"Disciplinary power works not from outside but from within, not at the level of an entire society but the level of detail, and not by contrasting individuals and their actions but by producing them. A negative exterior power gives way to internal, productive power. Disciplines work within local domains and institutions, entering into particular social processes, breaking them, down into separate functions, rearranging the parts, increasing their efficiency and precision and reassembling them into more productive and powerful combinations. These methods produce the organized power of armies, schools and factories and other distinctive institutions of modern nation states" (Mitchell 1991, 91).

This approach allows for an understanding of how the state controls society through not only coercive means but also non-coercive means, through the production of knowledge and truth that could strengthen rulers' hold on power. Hence, from Mitchell' s Foucauldian perspective, the boundaries between the state and society are elusive (Ibid, 81).

A neo-Weberian approach to the state proposed by Migdal (1988) and Migdal, Kohli and Shue (1994) combined insights from the Weberian and the Foucauldian approaches to the state. In response to statists, the neo-Weberian approach anchors itself in the perception that a state autonomous from society is a weak rather than a strong, capable, and efficient state. For these authors, strong and efficient states maintain close ties and collaborate with society rather than remaining distant and autonomous from them. They proposed a state-in-society approach (Migdal, Kohli and Shue 1994) inspired by a Weberian tradition of the state that challenged the idea that the state can be conceptualized as a single and coherent and autonomous unit. They propose instead to disaggregate the state to "shed light on its contentious fragments […] constituted of numerous societal variables influencing the processes of social change in the low-income countries" (Migdal, Kohli, and Shue 1994, 18).

Interestingly, in Migdal et al (1994) and Migdal's (1988) *Strong Societies and Weak States,* social actors are not reduced to social classes; they also incorporate tribes, sects, families, and patron-client networks. In fact, while Migdal's (1994) account sheds light on a cooperative relationship between state and society, it is in his earlier work that he highlighted the tensions and conflicting relationship between states and strong societal actors. In *Strong Societies and Weak States*, he argues that the state and social actors are competing over exerting social control and subordinating citizens to their own will. Like Mitchell, he argued that it is impossible for the state to control society by simply relying on its coercive means and moves to argue that both the state and social actors devise survival strategies that would create compliance and conformity and link the individual to the collectivity. Migdal argues

that strong social actors resist the state and attempt to control state resources to provide citizens with the means of survival. By providing these incentives and constraints, social actors provide a link between the individual and the collectivity. In Midgal's (1988) approach, a strong state is not only militarily strong; a strong state can penetrate society, extract resources, and exert social control.

In this dissertation, I agree with Hanieh's proposition that the state is not an autonomous actor, or "an independent separate feature of society severed from the class structure that generates its character" (Hanieh 2013, 8). I also agree with the Migdalian approach that the state needs to be disaggregated. Here, this disaggregation serves the specific purpose not only of understanding more broadly whether states cooperate with social groups to pursue efficient policymaking, but of avoiding treating the state as a unitary actor that serves the implementation of capitalist interests unequivocally. My contention is that by disaggregating the state, one can attend to a better understanding of which fractions of the state can serve capital's interests and whether and if the state has developed capitalist interests of its own. State managers support capitalism because it helps them maintain political legitimacy (Block 1987, 58) but this reading is incomplete if it does not take into account that political power is also a tool for those within the state apparatus to control "the means of production" (Waterbury 1983, 15). The state bourgeoisie become a dominant class "exploiting labor power and depriving it from the control over means of production" (Ibid, 18). Finally, I borrow from Mitchell's approach the concept of the structural effects of the state. Workers were not only tamed by the force of arms, but also by what Mitchell described as the "ghost-like effects" of the state. Aside from state repression, corporatism, as will be argued, also extended the disciplinary power of the state over the working class by dividing them into subjectivities that contributed to reproducing state power under authoritarian capitalism. Before addressing corporatism, the following section delves into the important role of the military in relation to democratization processes.

Coercive Means

The discussion above delved from a conceptual and theoretical approach into the questions of state power and state autonomy. This discussion is incomplete if it does not take into consideration the important role that the repressive arm of the state and the military in particular play in enabling or undermining democratization processes. Skocpol's seminal work on *States and Social Revolutions* (1979) did not deal with democratization per se but with revolutions. Her arguments were the launching pad for discussion revolving around the

coercive apparatus and its role in impeding or furthering social and political transformations. For Skocpol, the question of the cohesiveness and strength (measured in terms of the military's coercive capacity) of the state determine political outcomes. When the coercive/military apparatus remains strong, combining both a will and a capacity to repress revolutionary tides, the prospects for revolutionary change are grim.

Stepan (1988) took this argument further to apply it more specifically to the context of democratizing regimes. In his *Rethinking Military Politics,* the author argued that the "systematic examination of regime termination required both a general analysis of macro-socioeconomic forces and a specific analysis of the factors that alter the will and the capacity of the coercive apparatus to maintain the regime" (Stepan 1988, 55). Stepan's work inspired many scholars, and particularly those who worked on the institutional approach to understanding civil-military relations in the Arab world. This literature invited an analysis of the roles that the military fulfilled under authoritarianism and how they maintained authoritarian rule. Owen (2004), like Stepan, argued that "armies have their own institutional imperatives which means that their technological, educational or administrative resources are not simply available to the rest of society for whatever civilian purpose they may happen to be needed" (Owen 2004, 178).

In explaining authoritarian resilience, Eva Bellin (2004) unpacks the question of will and capacity in the context of the Arab world and proposes that in the context where the coercive apparatus is "robust," the prospects for democracy are almost totally absent. To assess the "robustness" of the repressive apparatus, she proposes four variables that relate to the questions of domestic and foreign policy determinants of the coercive apparatus' attitudes to democracy and regime change. The four variables are: the fiscal health of the military apparatus (payment of salaries and benefits), the successful maintenance of international support, the degree of institutionalization (versus patrimonialism), and high levels of popular mobilization (Bellin 2004, 146). Bellin argued that rentier economies of the Arab world allowed the regimes to continue purchasing arms despite the fiscal and economic crisis that they faced (Ibid, 146). Authoritarian regimes have also maintained steady international support for their coercive apparatus to contain the "Islamist threat," maintain a steady flow of cheap oil, and protect Israel's security (Ibid, 148). Furthermore, in the context where the coercive apparatus is linked by blood and sectarian ties and where sectarianism permeates the military and security apparatus, tying them closely to the regime in power, the result is "the coercive apparatus' personal identification with the regime and the regime's longevity […which] fosters resistance to political reform" (Ibid, 149). Finally, the high level of popular

mobilization might undermine the military's will to use violence, as it might jeopardize the "institutional integrity of the security apparatus, international support, and domestic legitimacy" (Ibid).

I combine insights from Stepan (1988) and Bellin (2004) to better understand the institutional drives that shape the military's will and capacity to derail the democratization process. Institutional factors should be brought to the front of the analysis of the role of the coercive apparatus in such processes, but consideration of these factors should also be combined with an approach to a military as a class, which "moves beyond the view of the military as an institution of legitimized violence acting as guarantor of national security and instead examines its role in the economy, its changing relationships with other social classes and other fractions of the ruling class, and its political role in the state" (Joya 2018 b, 2). My discussion of the military thus combines an institutional perspective with an analysis of the "the military as a class fraction engaged in political, economic and social struggles" (Ibid). It is important to note that I do not view the military-as- institution and the military-as-class as diametrically opposed to each other. Rather, a combination of the two determines the military's will to repress or not, and hence to enable or undermine regime change. More specifically, in this dissertation I investigate the relationship between the military and the authoritarian structure, the roles that the military played under authoritarian rule especially in relation to repressing dissent, the roles that the military played in the economy, its foreign policy and domestic interests, and the relationship that it entertained with the working class and the business community.

1.3.3 State and Society Relations

Approaches to State Corporatism

Prospects for democratization are constrained by the strategies that authoritarian states pursue to shape state and society relations. Such strategies are aimed in particular at shaping class organizing and obviating prospects for the rise of independent voices that could challenge authoritarian capitalism. State corporatism served specifically this purpose and has been widely debated by scholars of comparative politics.

Schmitter (1974) was associated with launching the debate on state corporatism. He described corporatism as a mode of organizing state-society relations to shape interest organizing and representation, and to provide an alternative to pluralism. In his work, he distinguished between two types of corporatism. The first is social corporatism, which is common in advanced capitalist countries where organizing is autonomous from the state

(Ibid, 102-103). The second type, most common in the Global South, is state-corporatism, a top-down form of organizing in which the unions or groups formed remain "auxiliary and dependent organs of the state" (Ibid, 102-03). His lengthy definition of state corporatism is as follows:

> "a system of interest representation in which the constituent units are organized into a limited number of singular, compulsory, noncompetitive, hierarchically ordered and functionally differentiated categories, recognized or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories observing certain controls on their selection of leaders and articulation of demands and supports" (Schmitter 1974, 93-94).

His work opened the debate on whether corporatism is uniform and homogenous across different countries or even within the same country. Scholars of Latin American politics distinguished between "populist" and "post-populist" (bureaucratic authoritarian) corporatism (O'Donnell 1979). The former included the working class in a multi-class alliance to serve the easy phase of Import Substitution and Industrialization. The latter marginalized and excluded workers while depoliticizing and bureaucratizing labor organizing to deepen industrialization (O'Donnell 1979). The transition from populism and corporate populism to bureaucratic authoritarian corporatism was therefore dictated by the exigencies of capitalist development.

Collier and Collier (1979) disputed the idea that there is one single type of state corporatism, but moved away from O'Donnell's deterministic account, which saw the inevitability of transitioning from one form of corporatism to another one to serve the exigencies of deepening industrialization under a bureaucratic authoritarian regime. Collier and Collier stressed the need to think of corporatism in terms of degrees (Ibid, 969) and proposed to disaggregate the concept (Ibid, 967, 969). State corporatism, they suggest, needs to be understood in terms of two key mechanisms that can coexist and interact together to facilitate state social control over the working class: "inducements" (to secure cooperation from society) and "constraints" (state direct control over the group) (Ibid). The way Collier and Collier operationalized inducements is based on high and low scoring in turn based on the "provisions regarding registration, right of combination, monopoly of representation, compulsory membership, and subsidy of unions" (Ibid, 971). Another scoring applies constraints to include "provisions regulating collective bargaining and strikes, other controls

on demand-making, controls on leadership, and provisions for state monitoring and intervention in internal union affairs" (Ibid). The authors argue that this approach leads to "different combinations of inducements and constraints" that shape state-society relations and become governed by the state's objectives to entrench control over labor organizing (high constraints, high inducements, and high constraints and low inducements) or to draw support from labor organizing (high inducements and lower constraints) (Ibid, 976-978).

While adopting Collier and Collier's principle of disaggregating corporatism, I move away from their quantitative approach to inducements and constraints and beyond thinking about the "degrees" of these inducements and constraints, as the authors proposed to show how inducements and constraints were implemented as part and parcel of a regime strategy to tame, discipline, and subsume labor to the authoritarian regime and to ensure capitalist development. If state corporatism sheds light on the power relations that mediate state and society relations, then quantifying such relations would obscure rather than elucidate how such power dynamics work to subdue labor. My concern is less with whether in the two cases it is corporatism of high constraints and low inducements; rather, I focus on the issues proposed by Collier and Collier (representation, the manipulation and cooptation of leadership, the formal and informal rules that governed the intervention in union affairs, along with the controls exerted by the state over the issues of strike, collective bargaining, and funding) from a social, political, and legal perspective. By looking at these dynamics with a qualitative approach, one can better understand why despite the fact that the two contexts of this dissertation's case studies exhibited high constraints and low inducements, the anti-corporatist labor organizing led to important changes in one context (Brazil) and not the other (Egypt).

Finally, while the aforementioned literature was focused on the relationship between the state and labor in particular, it overlooked the fact that social groups can be diverse, and that reality in turn invites various regime strategies to tame or coopt them. Robert Bianchi is one of those scholars who has taken issue with the corporatism debate, and in particular with the underlying assumption on the part of the aforementioned corporatist literature that pluralism and corporatism are "diametrically opposed to each other" (Bianchi 1989, 23). He suggests viewing them as "alternative patterns of representation that can emerge and develop simultaneously in the same political systems" (Ibid). Examining Egypt in particular, he argues that one can trace three patterns of organizing state and society (Ibid, 21). The first inhabits the middle-class professional syndicates and is labeled the "corporatist sectors," predominated by corporatism as a mode of representation (Ibid). The other sub-type, which includes unions

and agricultural cooperatives, falls under the "corporatized sectors." This sector is made of the social movements that enjoy some level of pluralism but have been increasingly incorporated, under the state, into corporatist organizing to exert control over them. Finally, the "hybrid sectors" (religious groups and business groups) exhibit a mix of pluralism and corporatism, leading to high levels of internal competitiveness.

The Religious Factor in Democratization Processes

In this dissertation, I do not delve into the emotive appeal of religious groups or into the structure of religious organizing. My approach is one that acknowledges that religious groups cannot simply be ignored even if one favors a class-based political economy approach. An approach inspired by a political economy of religious organizing can provide insight into how such actors can further or undermine democratization processes. Here, I agree with the scholarship that has moved away from debates revolving around secularism or lack thereof, the (in) compatibility of Islam (See Lewis 1990; Huntington 1993), or the presence or absence of the oppositional "political cultures" (Slater 2009, 206) to explain democratic mobilization or lack thereof. I argue, as some scholars of the Middle East and Latin America have, that religious groups could play an important role in regime change where the "normal political channels were closed […] and where the church becomes the only political outlet" (Levine and Mainwaring 2001, 211). My approach embeds class organizing and inter-class alliances into the mobilizational capacity of strong religious actors. As such, my argument delves more into the question of whether religious groups could make available their resources to the lower classes to organize and mobilize along class lines, rather than simply along religious lines, which in turn leads to their empowerment and furthers the inter-class alliances that are necessary to dismantle authoritarianism. What determines the roles of organized religious groups in democratization processes is dictated not only by their relationship to authoritarianism, but the extent to which they accommodate capitalism in its neoliberal form or otherwise.

In understanding the role of religious movements in democratization processes, some of the scholarly work has eschewed the important role that social classes play in mobilizing people into contention, and argued instead that the lead protagonists are the "communal elites or a society's primary possessors of nationalist and religious authority, as the pivotal players in democratic (non) mobilization" (Slater 2009, 206). Dan Slater, for example, argued that when analyzing democratic anti-authoritarian mobilization, what matters the most are not the material grievances that drive people into action but the "emotive appeals" to nationalist and

religious sentiments (Ibid, 203). The latter are seen as the main drivers for “sparking” and “sustaining” high-risk protests (Ibid). According to Slater (2009), religious elites can play a protagonist role in democratization if they retain their autonomy from the authoritarian structure (Ibid, 210). For example, in the Philippines, where the Catholic Church remained autonomous from authoritarianism (Slater 2009, 230), it turned into the leading protagonist in inspiring people to protest. He confirms that it was not materialist or economic demands that motivated people into oppositional collective action, but the appeal of religious discourse (Ibid, 229). But how one assesses the question of autonomy, which is central to the analysis of the role of religious groups in democratization processes, is not stated or defined in Slater’s work.

Moving beyond culturalist explanations, another research agenda has focused on the material and immaterial resources made available to religious/Church organizing under authoritarianism as a result of their protected status and the regime’s quest to ensure legitimacy (Figa and Johnston 1988, 35). This scholarship argues that the Church is not “the central focus of opposition […] Rather the Church can be a catalyst in the process of mobilization. It often avoids direct participation but nevertheless protects the opposition by providing an organizational and institutional framework which is independent of all encompassing state control” (Ibid, 36). In other words, it is the unintended consequences of an authoritarian regime facing a crisis of legitimacy that authoritarian leaders are forced to be more tolerant toward the church, which in turn opens avenues for the church to support oppositional politics under authoritarianism. Figa and Johnston write that the “greater the regime’s crisis of legitimacy and need for the church, the more the church can take advantage of its unique freedoms to oppose the regime” (Ibid, 33). The church’s oppositional role is not to be taken for granted; rather, the “levels of institutional development, policies of the regime, geo-political considerations, and the structure of the national church shape it” (Ibid). Another interesting proposition by Figa and Johnston is related specifically to the roles that the church plays in forging inter-class alliances. They write that the church’s

> “‘bridging organizations provide opportunities for contact between different classes, ethnic groups and interest groups. The effect is to broaden the opposition by creating common understandings and shared symbolism, which often become the foundations for coalitions. They tend to function as training grounds for oppositional leaders because other youth organizations outside of regime control often do not exist. Their members are highly available for mobilization and typically apply a great deal of energy

to their activities" (Ibid, 38-39).

Although their approach remains anchored in a social movement approach to resource mobilization, the authors acknowledge that "for participants who are faithful, the mobilization of resources for political opposition may be a result of the unintended consequences of their actions or at least a secondary motivation" (Ibid, 45), an argument reiterated by Mainwaring and Levine (2001). The approach provides fresh insight to how religious organizing plays a role in mobilization processes, but it does not delve into why they come to play such a role, nor does it specify why in particular the church, which receives a protected status under authoritarianism, would turn to support the opposition. The literature on the roles assumed by the Church under the influence of Liberation theology in Latin America and Brazil has drawn important lessons from this context, arguing that, aside from the Second Vatican Council emphasis on the necessity of bringing the Church closer to lower-income populations, the Church's autonomy from the state in terms of financing and appointments of religious leaders played a significant role in enabling them to assume this catalyst role (Gómez Bruera 2013; Houtzager 2001).

Social movement theory has also captured the attention of scholars studying Islamic activism. However, the proponents of this approach have largely been preoccupied with countering the orientalist and culturalist claims of the exceptionalism of "Islamic culture" and with arguing instead that the "dynamics, process, organization of Islamic activism can be understood as important elements of contention that transcends the specificity of Islam as a system of meaning, identity and the basis of collective action… Even though Islamism is different at the level of ideology, it is not at the level of collective action" (Wiktorowicz et al 2004, 3). The proponents of the social movement theory approach have thus not moved beyond the question of demystifying Islamic activism by approximating it with other social movements. The other main approach that has guided the study of Islamism has examined political participation to draw attention to the fact that, in the context of more politically open regimes, Islamists are more likely to moderate their views pertaining to the establishment of an Islamic state. However, this moderation does not necessarily imply that they would support democratization per se (El Ghobashy 2005; Clarke 2012; Masoud 2013). In fact, some of this literature had rightfully pointed to the fact that Islamists accommodate authoritarianism. This form of opposition under authoritarianism is viewed as an "ally rather than an opponent" to the authoritarian structure, bringing about authoritarian stability and longevity by

conferring some degree of legitimacy on the authoritarian regime through their acceptance of participation in the existing authoritarian regime (Clark 2012).

The most compelling arguments on Islamism are the ones that have overtly taken a political economy approach

> "to understand Islamic politics less on the basis of Islamic doctrine, or conflicts over its interpretation, than in connection with the changing social bases of politics, the context established by capitalist economic transformations, the evolution of the post-colonial state from the Cold War and its aftermath, and of crises of political economy in the 1980s and 1990s" (Hadiz and Teik 2011, 463).

Arguing along the same lines, and emphasizing the necessity of shifting the focus away from the discussion of "religion" to argue in favor of a focus that highlights political struggles and material interests, Angela Joya (2018 a) provided a compelling reading of the Muslim Brotherhood's actions in Egypt based on their integration into both the capitalist economy and the post-colonial state (Joya 2018 a, Kindle Location 2603). She argues that the Brotherhood not only accommodated authoritarianism, but also neoliberal capitalism. The Brotherhood's critique of the neoliberal model, which laid the burden on the poor and the working class, is premised on a moral stance that did not address neoliberalism's structural effects on the subordinate classes (Ibid). In a similar vein, Katerina Dalcoura (2016) discussed how the Brotherhood adopted a form of "pious neoliberalism" that sought to displace Mubarak's cronies and replace them with pious businessmen.

In this dissertation, I adopt this political economy approach to examine the relationship between authoritarianism and organized religious groups and to reflect on their relationships with the subordinate and dominant classes. I argue that in the context where religious organizing is autonomous from the state and capital, it can further the cause for the subordinate classes. In particular, it can provide an alternative space for political organizing, support mass mobilization, shield oppositional leaders from state repression, and provide spaces where inter-class alliances could be forged. Alternatively, in the context where the religious organizing is tied to authoritarian structure whether formally or informally, and where it sides with the upper classes and capital, it could impede the transition to a substantive form of democracy.

1.5 Conclusion

This chapter has mapped the theoretical approaches to the study of democratization processes. While this rich scholarship has advanced our understanding of transition processes and

regime change, the chapter argued that a political economy approach best explains the democratization process in Egypt and Brazil. The chapter therefore buids on the seminal contributions of RSS (1992) and Harvey (2007; 2014) to advance a political economy approach that will further a better understanding of the class struggles present in the two case studies. The next chapters will implement this theoretical framework.

Chapter Two: Egypt's Capitalist Transformation (1952-2011)

2.1 Introduction

This chapter discusses Egypt's integration into the global economy and the transition from state-led development to neoliberalism. It constitutes the first step of the analysis in the Egyptian case, allowing for a reflection on the effects of political economic restructuring on the material and organizational power of capital and labor. The chapter adopts a historical structural and political economy approach to argue that Mubarak's three decades of authoritarian rule facilitated the implementation of neoliberal reforms that tipped the balance of class power in favor of local and regional capital. I argue that the authoritarian coalition that tied together the civilian and military bureaucracy, the business community, and the executive manifested rifts that facilitated the bloodless coup against Mubarak in February 2011. Mubarak's succession plan, crowning his neoliberal son to power, triggered the anxiety of his generals. Along with the delegitimization of the regime as a result of the class struggles initiated from below (Chapter 3), this condition contributed to bringing an end to Mubarak's long rule.

This chapter is inspired by the political economy approaches that returned to the study of Egyptian politics in the wake of the 2011 Arab uprisings (Hanieh 2011, 2013). Hanieh's reading in particular is the one that inspires this chapter's understanding of neoliberal transformations under Mubarak's Egypt. The chapter moves away from Hanieh in arguing that as much as authoritarianism served the implementation of neoliberalism, the political leaders also used the realm of economic policymaking to tighten their grip and ensure regime survival. One is reminded that the widespread phenomena of Arab presidents for life (Owen 2012) distinguished the politics of this region from other regions. Whereas Brazil's authoritarian rule was entrusted to the military as an institution to avoid personalism and the entrenchment of political power in the hands of one strong leader, Egypt and the Arab world witnessed centralized political power in the hands of the presidencies and their close circles.

This chapter is divided into three sections. The first one looks at Import Substitution Industrialization (ISI) under Nasser's populist regime. The second examines economic liberalization under Sadat as an outcome of the limits of state-led industrialization and the limits of Nasser's populist regime. The third focuses on the neoliberal reforms under Mubarak

as they entered into effect in the wake of the first Gulf war. The discussion in each section focuses on the pillars of each model, the regime that accompanies each economic phase, the pacts of domination that were erected to ensure the implementation of the model and ensure regime survival, and the way state and society relations were fashioned to maintain a specific form of capitalism and authoritarian stability. The chapter provides the background for the following two chapters. Chapter 3 sheds light on the class struggles that emerged under Mubarak's neoliberal authoritarianism. Chapter 4 reflects on the political economy of post-Mubarak's Egypt, to trace both continuity and change of the neoliberal model and to reflect on its effects on capital and labor.

2.2 State Led-Industrialization under a Populist Regime (1952-1970)

In this section, I argue that populism in Egypt was committed to confronting the landed elites, and thus emerged in a regime that was more biased toward low- and middle-income Egyptians. This version of populism was upsetting for capital, which saw it as tipping the balance of class power in favor of the poor. In fact, the Free Officers undermined the power of big landowners and capital through land reforms and nationalization policies; at the same time, state-led industrialization amid capital's retreat guaranteed economic redistribution to the popular classes marginalized by the monarchy economically and politically. By soliciting popular support, the FOs also built a strong base of support for their national and regional project. Industrialization was projected as necessary to build the capacity of the Egyptian military and support Egypt's struggle against imperialism. Pan-Arabism and ISI were, therefore, the prerequisites for building a robust post-colonial state that was self-sufficient economically and militarily and that could stand against imperial threats and the encroachment on Egyptian lands.

While populism maintained political and social stability under the easy ISI phase, it became an impediment to the more complex ISI phase. More complex capital-intensive industries necessitated appealing to foreign capital, and Egypt was not in the position to make such appeals, given that the populist regime had antagonized foreign capital through nationalization policies and an anti-imperial discourse. The state also could not embark on this phase alone, as it had exhausted its resources by overspending on costly regional wars. In particular, the state under Egypt's populist regime could not pursue the stabilization policies (cutting wages, cutting social spending) necessary for the implementation of capital-intensive industries, as they challenged the interests of the regime's base of support, the working class.

2.2.1 The Political Economy of the Free Officers and Nasser

When Egypt branched out to ISI in the post-1952 Free Officers (FOs) coup against the British-backed monarchy, Egypt still relied on the export of cotton. In the wake of the Second World War, demand for cotton declined and the economy experienced one of its worst economic downturns. Worsening social and economic conditions alerted Egypt's FOs to the necessity of overcoming the country's twin predicaments of feudalism and imperialism, which were responsible for maintaining its subordinate and dependent position in the world economy (Smet 2015). Big landowners, chief among them members of the monarchy, benefiting from their privileged ties to Britain, their monopolies over the agro-exporting sector, and their joint ventures with European powers, expanded their wealth and extended Britain's imperial interests, including the control over the Suez Canal in post-colonial Egypt (Smet 2015; Farah 2009).

When the FOs staged their coup, their central commitment was to end feudalism and its high levels of social and economic inequality in the countryside. It was after implementing the land reforms that the FOs expanded the industrial sector to overcome Egypt's dependency on the export of cotton to the rest of the world, and thereby to reduce Egypt's reliance on global markets for the import of local goods (Posusney 1997; Farah 2009). The national plan initially appealed to foreign and local capital in the industrial sector, but failed to entice private capital investments in the industrial sector. In turn, capital's passivity to invest in local industrialization ushered in state-led industrialization, wherein the public sector played the most critical role (Ibid).

Significant economic and political factors shaped capital's reluctance to invest in the country's industrialization. Firstly, the Agrarian Land Reforms (ALR), the first policy pursued by the FOs, stipulated that land be expropriated from big landowners, capping landownership, redistributing land to the poor and landless peasants, and expanding state-managed agriculture cooperatives (Waterbury 1983, 61; Bush 2007, 1061; Ikram 2005; Abdel Malek 1964; Farah 2009). At the time, a select few families controlled the underdeveloped industrial sector and the agricultural sector(Joya 2013; Farah 2009). Naturally, the ALR triggered the anxiety of this landed and industrial capital. Firstly, the landlords saw land reforms as an attack on their privileges, and the industrialists feared an attack on their private property. Secondly, the FOs' subsequent policy move was to implement laws (Laws 317 and 318 in 1953) that prohibited arbitrary dismissals and provided protection for workers in the event of dismissal for an unjust cause (Posusney 1997, 48). Thirdly, Nasser, pursued a policy of purging the political domain of the remnants of the monarchical past. He banned all

political parties and thereby closed the doors for bourgeois political representation and participation (Farah 2009).

The first and easy ISI phase started with the horizontal expansion of consumer non-durables (food, textiles, etc.). This expansion benefited from the productive force and the consumption patterns of low- and middle-income wage earners (O'Donnell 1978; 1979). However, it was expected that an increase of local and regional demand for consumer non-durables, textiles in particular, would increase the demand for "spinning and weaving machinery which in turn needed locally produced iron and steel" (De Smet 2015, 163). However, the transition was stalled with the saturation of the local market, the failure to appeal to regional markets, and regional wars that exacerbated the public deficit and brought ISI to a halt. Despite the failure to deepen ISI, the developmental model led to the expansion of the shares of the productive sectors in the economy, leading to one of the highest levels of growth in the country's modern history (Annex).

To oversee the aforementioned economic transformations, a populist dictatorship saw the light under Nasser. Between 1954 and 1970, Nasser ruled Egypt with an iron fist, becoming the embodiment of the national developmental project and the regional pan-Arab project, supported by the generals and backed by social classes incorporated in his populist pact (Hinnebusch 1981, 446). Under his populist authoritarian regime, the pact brought together the industrial working class, the middle class, and the peasants, who participated in economic transformations and who benefited from economic redistribution.

The generals were the most important pillars of political power in populist Egypt. The FOs blamed imperialism and its local proxies, the feudal monarchy, for maintaining an understaffed and ill-equipped army (Kandil 2012, 7). A weak Egyptian army was seen as one of the main factors contributing to the defeat of the Arab armies in 1948 in Mandate Palestine. Furthermore, pre-1952 economic policies had left the industrial sector underdeveloped, which challenged the aspirations of the FOs of building a strong military-industrial complex that would assist them in their regional and anti-imperial wars. During this period, the military was the one overseeing both the industrialization and the modernization of Egypt (25/03/2020 14:58Interview with Political Economist 2; Bou Nassif 2013, 512), using the statist model discussed in further detail below. Throughout this period, the military would provide technological expertise and control the state-owned enterprises (SOEs) while honing its skills in running businesses (Ibid; Joya 2018b, 9).

A strong and homogenous military with strong "bureaucratic organizational skills" was seen by Nasser and his fellow FOs as the only institution capable of running state affairs

(Harb 2003, 278). The representation of the generals in the cabinet reached a high of 64.4% of posts, leading to the rise of a "state within a state": the first led by Nasser, and the second by his commander-in-chief, Abed Al Hakim Amer (Ibid; Stacher 2012, 44). This situation persisted until the 1967 defeat, when Arab armies lost the Six-Day War against Israel (Owen 2012, 64). The 1967 defeat was the seminal moment in Egyptian history that began the de-militarization of politics (Cook 2007; Owen 2012; Springborg 1987), a course that would only deepen under Nasser's successor, Anwar Al Sadat.

Nasser banned all political organizations and parties that challenged the implementation of the FOs' project. Marxist peasant organizations and leftist trade unions had enjoyed wide popularity on the eve of the coup, but Nasser and the FOs viewed them with contempt because of the leftist promises to defy the generals' attempt to appeal to investors, the capitalist developmental model, and the FOs' dominance over politics and society (Abdel Malek 1964). Furthermore, Egypt's communists challenged Nasser's regional agenda for opening regional, specifically Syrian markets for Egyptian commodities, and his resultant quest for regional hegemony.

While attacking the left, the FOs sought an initial rapprochement with the Muslim Brotherhood (MB), the largest Sunni political organization in Egypt, which had been founded by Hassan el Banna in 1928 (Masoud 2013). Nasser's strategy rested upon strengthening ties with the MB to weaken both left organizing and his senior FO competitor, Mohammad Naguib, who was a proponent of demilitarizing politics (Smet 2015). The MB was seen as a safe option for Nasser given that some FOs had previously been affiliated with it and given that the it did not seek radical economic policies (Posusney 1997). For example, the MB warned against a peasant uprising and their anti-leftist and anti-labor policies were clearly reflected in their discourse, which promoted purging the union movement of leftists (Ibid). However, the short-lived alliance between the military and the MB was brought to an end when the MB plotted to assassinate Nasser. Consequently, the Brotherhood, like the very leftist organizing against which it had united with the FOs, was banned (Smet n.d).

After banning political parties and the MB, Nasser created the Arab Socialist Union (ASU), which became the institutional expression of the FOs' populist pact with the urban and the rural working class and the state-dependent middle class (Ayubi 1991, 209). Though populism controlled the articulation of demands for the popular sectors, it did not close the door to their political participation. The workers and the peasants were entitled to 50% of seats in all ASU committees and the parliament (Abdel-Malek 1964, 42). ASU membership determined one's access to the state bureaucracy, unions, and professional associations and, in

some cases it became a requirement to practice specific jobs (Stacher 2012, 52; Waterbury 1983).

Along with the aforementioned political restructuring, the state assumed developmental and redistributive functions. Between 1952 and 1956, the developmental functions of the state appealed to local and foreign investors by providing incentives for profit repatriation and directives for the private sector to entice private investments. The first phase of industrialization witnessed the rise of the Permanent Council for the Development of National Production, tasked with providing directives for investors and enabling a partnership between the state and the private sector (Farah 2009, 32). To appeal to international investors, the state repealed a 1947 law that required a 51% Egyptian ownership of industries, and, in 1953, implemented Law 156, which allowed for-profit repatriation of 10% in the first five years and 20% in the following years, as well as a wide range of corporate tax exemptions (Smet 2015; Farah 2009; Ikram 2005). However, the attack on political pluralism and the 1952 land reforms had triggered anxiety among local and foreign capital. The fear that the state would encroach on and nationalize their assets was the most significant factor pre-empting capital investment (Interview with Political Economist 2; Farah 2009; Smet 2015).

The reluctance of capital to invest led to the expansion of the role of the state in the economy. Nationalization and sequestration of capital, agricultural surpluses, and geopolitically motivated foreign aid financed this transformation (Waterbury 1983, 76,86; Smet 2014). The expansion of the role of the state in the economy manifested itself first with investments in mega projects such as building the Aswan High Dam to provide the water supply for cultivable land areas and to generate electricity for industrialization (Farah 2009, 33). The state also stepped in to stimulate the industrial sector by creating the Ministry of Industry to replace the failing private sector, and increased industrial investments from 2 million EGP in 1957 to 69.3 million EGP in 1960 (Farah 2009, 34). As a result, beginning in 1957 the industrial labor force grew at the rate of 8.5% annually (Ibid).

The redistributive state appeased the classes that made up the populist pact. The peasants benefited from policies that "fixed the rent for agriculture land and rents at a low rate" and legislated that "rent contracts were inherited which reduced the role of property owners" (Farah 2009, 35). The tenants thus became owners of the rents or lands, with regulations stipulating that the property owner had to seek out the tenant's support for selling out the land (Ibid). Moreover, the state-created working class and middle class were dependent on the state's welfare functions under Nasser, which ranged from public education to healthcare (Interview with Political Economist 2), and "were accompanied by policies that

capped the maximum wage, redistributed profits to workers (Law 111 of 1961), maintained a work week of 42 hours (Law 133 of 1962), gave guarantees for work stability, employment in the public sector for fresh graduates and a national minimum wage (law 262 of 1962)" (Waterbury 1983; Ikram 2005; Ramadan and Adly 2015; Posnusey 1997, 70).

While dispensing welfare to the working-class, Nasser was also aware of the dual necessities of controlling the articulation of working-class agendas and of subordinating labor organizing to the exigencies of developmentalism. When the FOs staged their coup, they were met with a plural and radicalized leftist union movement that both played an essential role in anti-colonial struggles and challenged the FOs' capacity to pursue capitalist development (Bianchi 1986; Posusney 1997; Smet 2015; A. Alexander and Bassiouny 2014, 40). The first step for the FOs entailed outright repression against leftist unionists (Posusney 1997; Beinin 1989; Smet 2014; Hanieh 2011). Following the purge, it took Nasser a few years to decide on the creation of a labor union confederation. His reluctance was due in part to the fact that the idea of a confederation had initially been popular among leftist unionists to put pressure on the government (Posusney 1997; Beinin 1989). Opening the door to labor organizing risked giving these leftists a voice and thereby radicalizing the working class. It was only when Nasser's relationship with Yugoslavia deepened that he became aware that Egypt was still behind in the matter of labor organizing (Posusney 1997, 61), which encouraged him to create the first state corporatist structure.

As Bianchi noted, the corporatist structure in Egypt resembled in a lot of ways the Brazilian CLT (Bianchi 1986). A three-layered pyramidal structure emerged, tightening the administrative controls of the General Egyptian Trade Union Federation (GEFTU) "over the federations, and the federations over local affiliates" (Bianchi 1989) The upper level of the union hierarchy was reserved for a 21-member executive committee and hence did not represent all the federations that made up the second level of the GEFTU (Posnusey 1997, 86). This executive committee was made up mostly of regime loyalists affiliated with the ASU and co-opted by the regime through guarantees for various positions within and outside the union structure, significant material rewards (retirement packages, several salaries), and stability at work (Posnusey 1997, 89-90). Decision-making was centralized in a limited number of federations, which were all incorporated under the single, hierarchical, centralized confederation structure as its second level (Bianchi 1989, 128). Federations possessed "vastly expanded finances and authority, and were officially guaranteed monopoly status" in determining the general directives for the local unions and in negotiating collective agreements (Ibid).

Subordinated to this small number of federations was the lowest level of the hierarchy, the unions. These unions were divided regionally and according to work categories (Interview with Cairo Unionist). Union unity was sanctioned by legalizing only one union at the factory level and at the regional level, which prevented unions from transcending occupational and regional divisions and appealing to the entirety of the working class. Moreover, by subordinating local unions to the federations, local leaders could not, for example, negotiate collective agreements that were not approved by federation leaders (Posnusey 1997, 87). The control over union dues was another area that entrenched the control of a few regime loyalists over the entirety of the union structure. The compulsory union tax, collected from workers' salaries, was to be divided across several sectors of the union hierarchy, such that "10% were channeled to the confederation, 25% to the federation, an additional 25% was earmarked for the administrative expenses at the local and federation level and 5% were to be held in reserves" (Posnuey 1997, 87). This policy left the local unions with only 30% of union dues, over which the regime exerted tight control, so that union dues would not be used for political ends, by forcing unions to disburse these dues over social matters (Ibid).

2.2.2 The Limits of State-led Industrialization under a Populist Regime

Starting in 1965, a clear deceleration of growth was noted, reaching its worst levels in 1968. More broadly, state-led industrialization revealed the limits of pursuing this developmental plan and the necessity for economic diversification. Egypt exhausted the early and easy ISI phase, and there was a need to open up and export Egyptian commodities abroad, a mission that proved to be untenable as tensions between Egypt and its regional ally, Syria, showed signs of the disintegrating Arab unity. At the same time, tensions with the Gulf monarchies also entailed that these countries were not in a position to import Egyptian produce.

If Egypt had to deepen ISI, therefore, it was inevitable that the country branched out to develop capital-intensive industries, which was difficult to achieve. Capital-intensive industry development required appealing to foreign capital, given its access to credit and technological advancements. In the Egyptian case, this meant appealing to the former Soviet Union, as Nasser had antagonized most industrialized Western countries. Appealing to foreign investors proved to be extremely challenging amid Nasser's anti-imperial discourse and worsening economic conditions. The budget deficit was exacerbated both by regional wars and the contradictions inherent to state-led capitalism. The Yemen War (1963-67) and, most

importantly, the 1967 defeat by Israel, resulted in military overspending and hence diverted resources away from developmentalism (Interview with Political Economist 2).

Moreover, deepening ISI by developing capital-intensive industries where the state continued to play the most significant role in the production process amid capital's retreat meant that the state would fulfill two contradictory goals (Smet n.d). On the one hand, it had to undergo a process of capital accumulation by extracting surpluses through cutting social benefits to finance the new phase (Wallerstein 1980). On the other hand, the populist regime could not achieve these objectives because it drew its legitimacy and support from the popular classes (Smet 2015; Interview with Political Economist 2). The populist regime thus became an impediment to pursuing a greater capitalist transformation; Nasser's successors had to dismantle populism to overcome the roadblocks imposed by his populist and anti-imperial policies, which they deemed hostile to local and foreign capital because they relied on dispensing resources to finance the populist pact.

2.3 *Infitah* (Opening) and Rentierism under Sadat (1971-1981)

The dismantling of populism under Sadat was synonymous with ending ISI and letting the market rule. This option entailed paving the way for reconciliation with capital. It also invited dismantling the redistributive and the interventionist state by letting the market determine economic priorities. Growth was no longer measured by increased production and consumption of consumer non-durables by lower- and the middle-income Egyptians. Under Sadat, growth was influenced by increasing local and foreign investment. Economic liberalization invited a dismantling of the trade protectionism erected under his predecessor and a concomitant opening up of the Egyptian market for both the import of luxury consumer goods and the expansion of the real estate sector (Mitchell 2002). Furthermore, the model relied on the improved consumption patterns of Egypt's upper classes. Consequently, an attack on workers' wages and income-concentration served the interests of the new allies of the regime, a handful of capital owners operating family businesses (Mitchell 2002). Along with the domestic changes, Sadat undertook a foreign policy realignment that would take Egypt outside of Russian influence to place it under American influence, which was also in line with his quest to place Egypt on a neoliberal track. The following section discusses the aforementioned political and economic transformations to show that Sadat tried to implement neoliberal policies that weighed heavily on the poor and the working class, but that he was forced to roll them back when the bread riots erupted in 1977. Hence, a full-fledged neo-

liberalization of the economy did not see the light under his term; it had to wait until Mubarak's rise to political power. It is also worth noting that although his term was synonymous with the reconciliation with capital, it did not witness a business community appropriating politics the way they would in Mubarak's last years (2003-2010) to deepen neoliberal reforms.

2.3.1 Political Restructuring, Local and Foreign Policy Realignments: Post-Populism and the Rise of the Presidential-Bourgeois-Bureaucratic Pact

With Sadat's rise to power, an authoritarian regime where the presidency emerged as the undisputed principal actor in Egyptian politics saw the light (Stacher 2012, 60; Droz-Vincent 2010, 197). The 1971 constitution,[15] as was the case for the 1956 constitution, awarded the president broad powers. The 1971 constitution was the first to allow for the president's indefinite re-election for more than one six-year term (Owen 2012, 67), elevating him to the status of the "president for life" (Ibid). Moreover, while Nasser had continued to be held accountable by his equals from among the Free Officers, Sadat was not accountable to anyone. In fact, the regime that emerged during his mandate has been described by some scholars as monarchical presidentialism (Hinnebush 1981), wherein the president emerged as the center of political power and surrounded himself with a group of loyalists, his appointees hailing from among his family and his allies from the business community (Ibid). Monarchical presidentialism allowed him to pursue controversial and unpopular policies including a "visit to Jerusalem, the signing of the Camp David Peace Treaty with Israel, [and] the liberalization of the economy" (Owen 2012, 64).

The post-populist presidential regime thus depoliticized and bureaucratized important decision-making. As Sadat pursued economic liberalization, he deactivated the popular sectors by excluding them politically and economically. This political and economic exclusion was achieved by blending repression, state corporatism, and cooptation. While the regime shared some of the attributes of a BA regime, there are important distinctions to be made between the two. Firstly, Egypt's BA regime had revolved around the military as an institution, a strategy that sought to overcome the problems of personalism. The post-populist regime in Egypt depoliticized the military, the strongest bastion of Nasserism, and put the presidency at the helm of political power. Secondly, the BA regime had closed the door to

[15] For a comparative analysis of the 1971, 2012 and 2014 constitution see: https://carnegieendowment.org/files/Comparing-Egypt-s-Constitutions.pdf

political participation, especially for the lower classes, but it also restricted the political participation of capital as well. The post-populist regime in Egypt paved the way for a façade of political liberalization, deemed necessary by the president to accompany the process of economic liberalization. This façade, paired with political pluralism, entrenched the presidential grip on the political realm. Reinvigorated parties were allowed to exist and participate as long as they were licensed by the state. Finally, the BA regime was projected to deepen industrialization, its primary function and the rationale for its existence. The post-populist regime in Egypt oversaw dismantling developmentalism and foresaw transition to a neoliberal accumulation regime that facilitated all forms of capitalist investments, including the rent-seeking ones.

The post-populist presidential regime rested on a political pact between the presidency, a depoliticized military, a de-nasserised bureaucracy, capital, and the Muslim Brotherhood. Sadat inherited an expanding state bureaucracy from Nasser, whose members started to act as state managers and to invite capital on their own terms (Farah 2009). Under Sadat, the bureaucracy gained access to transnational linkages, and through joint ventures brought the public sector and international capital together (Ayubi 1991, 340). Bureaucrats used their positions to accumulate capital, and their connections with local and international capital to create inroads for private ventures. The most famous form of public-private partnership was in the hotel industry, of which public capital retained the ownership while international capital managed it (Ibid).

A new *Infitah* bourgeoisie emerged in the commercial and financial sectors (Ibid). Local commercial and financial capital entered into joint ventures with landed and foreign capital (Smet 2015, 24; Waterbury 1983, 171–88). Landed elites benefited from Sadat's policies, particularly as he revoked the 1952 Land Reforms, returning vast amounts of land to large landowners. Landowners also made a comeback as exporters of raw material and as contractors. Along with the commercial elite, landowners engaged in financial speculation activities generating fast, and high profits (Mitchell 2002). In fact, only a handful of families controlled a few businesses and became "exclusive agents," enjoying monopolies over the import and export of luxury commodities for Egypt's nouveau riche (Mitchell 2002, 283). They carved their way first into the construction field, then distributed goods and services to the military, and finally took advantage of the relaxation of import restrictions under economic liberalization. With economic liberalization and the rise of international banks, capital infiltrated the growing private banking sector (Ibid).

To implement economic liberalization, the president shielded himself from pressure by popular sectors and the proponents of Nasserism. Sadat rendered these institutions ineffective and depoliticized the institutions that had been the repository of populism, including the ASU, the civilian bureaucracy, the military, and the GEFTU (Stacher 2012).

While populist corporatism controlled the working class by integrating them as a partner in the national developmental project, corporatism under the post-populist regimes of Sadat and later Mubarak aimed at obliterating working-class mobilization and organization, both deemed by the presidents and their business allies as the central impediment to the liberalization of the economy and as the most serious opposition to the pro-American foreign policy alignment pursued by Sadat and Mubarak. To that end, Sadat maintained the GEFTU's structure intact and purged it of Nasserites and leftists who would oppose his liberalization and foreign policies. He also devised strategies to coopt the top union hierarchy (Posnusey 1997, 110-111). Sadat convinced top union leaders to join his centrist ruling party, the National Democratic Party (NDP), discussed below, and to drop the idea of creating a labor party, which he considered tantamount to opening a Pandora's box for a greater, and unthinkable from his perspective, democratization of state and labor relations and consequently of the regime as a whole. At the same time as he recruited the top union leaders into the ruling party, he incorporated this union leadership into his political project, which included the peace process with Israel, the main source of controversy at the time (Ibid, 111). In the wake of the 1977 bread riots, he pursued another brutal campaign that purged unionism of leftists and Nasserites wherein leftist unionists were arrested and given punitive transfers or fines (Ibid). He then ordered the creation of the Office of Socialist Prosecutor, which banned all of those who were deemed threatening to the "divine laws of the state" from running for elections, which in turn closed the door to all of those unionists who opposed his economic and foreign policies (Ibid).

In a similar vein, the purge targeted the Nasserites in the state bureaucracy and the ASU. As Sadat came to power, he was met with a very hostile cabinet and strong Nasserite ministers who did not view his rise favorably.[16] As was the case for the GEFTU, Sadat would pursue a purge at the level of the bureaucracy, known as the "1971 corrective revolution" that got rid of Nasserites and those within the ASU who proposed to make the presidency more accountable to a broader collective power elite (Hinnebusch 1985, 41). The purge ended with the arrest and jailing of "the majority of the ASU executive committee and several ministers

[16] See Egypt's Contemporary Pharohs (BBC 2016).

and ASU cadres" (Aoudé, Ibrahim 1994, 11). The president wanted to de-Nasserize the ASU before dismantling this strong bastion of populism. He was aware, however, that he could not undo the ASU immediately, given the broad popular support that Nasser enjoyed despite the 1967 defeat.

It was only after the corrective revolution that Sadat allowed the ASU's disintegration, combining this strategy with a policy of controlled political pluralism. The rationale behind the adoption of a multiparty system went as follows: with the erosion of the populist pact, and as economic liberalization promised to trigger political upheaval, the new regime would absorb the tensions by allowing some form of political representation, confined to state-controlled political parties (Brynen et al. 2012, 149). Controlled political liberalization paved the way for political parties and political organizations to exist. However, these parties were rendered ineffective through cooptation and repression.

In the process of eliminating Nasserite voices within the ASU, the president allowed its disintegration into three parties (Stacher 2012; Waterbury 1983, 366-384). The first, the National Progressive Party (*Tagammu')*, created from members with different tendencies including leftists, Nasserites (former ASU), and the Muslim Brotherhood, became a leftist, albeit state-created, party (Smet 2014). In subsequent years, the leaders of the *Tagammu'* collaborated with the regime to spy on leftist activists and intimidate them (Interview with Journalist; Cairo Unionist). Another party that emerged from the disintegration of the ASU was the Liberal Party, the first state-created party in post-Nasser Egypt that represented and supported free-market economics. Finally, the ruling National Democratic Party (NDP) claimed to stand somewhere between statism and a free-market economy, but ended up supporting Sadat's choice to pursue *Infitah* (Roccu 2012, 106). The NDP, as Joshua Stacher argued, was "toothless" and was subordinated to the presidency (Stacher 2012, 54).

Political liberalization paved the way for the re-emergence of the formerly banned Muslim Brotherhood (MB) and a plethora of Islamist movements. Between 1971 and 1975, Islamist prisoners were released and politicians and journalists in exile were given general clemency (Hinnebush 1985). Sadat, who alienated Nasser's political base of support, needed to forge an alliance with new allies, and the choice fell on the Brotherhood. Sadat would first use the Brotherhood and the Islamist movements to tame the leftists and Nasserites of the student movement, who were skeptical of Sadat's domestic and foreign policies from the very beginning. Neither Nasserites nor leftists supported the corrective revolution, seeing it as an attack on Nasser's legacy. It is worth noting that the left was critical of Nasser's policies, but they also recognized his anti-imperial stance and his support for the Palestinian cause.

As a result of this affinity, both the Nasserites and the leftists would press Sadat from the very beginning to launch an offensive against Israel to restore Arab dignity after the 1967 defeat and to reclaim the lands that Israel occupied in 1967. Sadat was reluctant to pursue this option immediately, and he paved the way for Islamists to assault leftist and Nasserite students to tame and silence them. Islamists shared Sadat's reluctance to go to war, as they argued that the only way out of the 1967 defeat would be through Islamization. In 1972, as Sadat declared that he would not pursue the war option at the moment, Islamists stormed a Nasserite and leftist meeting at Cairo University and assaulted those in attendance, accusing them of insulting the Islamists and their religious faith. As they did so, the internal security forces sat on the margin, which made it more explicit that the MB and the security apparatus collaborated perfectly (Smet 2015; Wickham 2013).[17] The arrest of a large number of leftists and Nasserites by the security forces along with the expansion of Islamist activities and the blessings that they received from the president would mark the prospects for conflict and collaboration between organized religious groups, the Islamists in particular, and the left and Nasserites in the future. To this day, leftists and Nasserites would recall these incidents and highlight how the Islamists handed them to the security apparatus and opposed the "war option" under Sadat.[18]

Sadat would pursue more openly policies that would strengthen the Islamists at the expense of the left, which he deemed as the most important threat to his foreign and economic policies. In the wake of the 1972 clashes, Sadat would award Islamists an informal recognition, in the sense that he would allow them to establish their social institutions and operate them but at the same time he would withhold official political recognition, undermining their capacity to become an official political party (Wickham 2013). In return, the Islamists, with their largest and most representative group, the Brotherhood, would pursue a gradual and reformist option to Islamize society and the state and would commit to relinquishing the violent option initiated by the famous MB ideologue, Sayid Qutub. Hence, the Islamist student associations benefited from state tolerance and state subsidies to cater to the lower-income students, providing them with social services at reduced tariffs and absorbing the students' energy into their ranks, thereby contributing to the de-politicization of the student body through focusing on "indoctrination rather than politicization" (Wickham 2013, 67). The permissiveness toward the MB was determined by another critical factor: the class base of the Brotherhood and its economic program, which melded well with Sadat's

[17] See *Egypt's Contemporary Pharohs : Sadat* , BBC 2016 : https://www.youtube.com/watch?v=WUIjU4foPsM.

[18] Ibid.

neoliberal policies. Most of the MB leadership hailed from a middle class of professionals who had been forced into exile under Nasser and were given general clemency under Sadat. As they sought job opportunities in oil-rich countries, they returned with petrodollars, which boosted the revenues of the rentier state. The MB also used this money to expand their Islamic charities and hence their political clout (Clark 2011). Islamic welfare thus thrived and benefited from Sadat's attack on the public sector (Smet 2015, 186).

The president pursued policies of de-nasserization within the military and devised coup-proofing strategies, including the de-politicization of the military, the demilitarization of politics, and the expansion of the military economy. While Nasser had ruled with the consent of the FOs and was held accountable by them,[19] Sadat made sure that the military was transformed into an "auxiliary for the state rather than a repository of autonomous power" (Statcher 2012, 60). Sadat oversaw military appointments, and he occupied the highest position, the Supreme Commander of the Army. Through policies of divide and rule, and turnovers within the military ranks, the president made it impossible for any general to boost his popularity within the military and consequently pre-empted a potential coup. Military officers' career stability was thus governed by their loyalty to the presidency (Ibid, 61). The adoption of Law 47/1978 reduced the number of military officers in the cabinet. For example, Sadat's last cabinet had only two generals holding two portfolios: the ministry of defense and the ministry of foreign affairs (Springborg 1987, 5).

The President's resolute steps to pursue foreign policy realignment placed the armed forces of the largest Arab country under American and Israeli influence. Egypt, which had once pioneered pan-Arabism and anti-imperialism, was now the first Arab country to sign the first peace agreement with Israel, the Camp David Peace agreement. Consequently, the military became closer to Western capital, drawing from the latter financial support, training, and technological know-how for the expansion of their own and civilian industries (Joya 2018 b, 10). Camp David became a *sin qua non* for a steady flow of American aid to Egypt. On an annual basis, the USA channeled 1.5 billion $, of which 1.3 billion $ were earmarked for Egypt's generals, which cemented the military's alliance with the USA (Hanieh 2011). A cable leaked by State Department overtly stated that "the tangible benefits to our military-military relationship are clear: Egypt remains at peace with Israel, and the US military enjoys priority access to the Suez Canal and Egyptian airspace" (Harding 2011).

[19] This condition would remain true until 1967 when the defeat ushered in curbing the military's influence over politics.

Sadat tied the FP realignment to his economic liberalization policies. He viewed the continuous war situation with Israel as a serious impediment to political stability that discouraged foreign and local investors. A war situation with Israel had also deprived Egypt of Suez Canal and tourism revenues, while exacerbating the problem of military overspending. At the same time, he appealed to Egypt's former Arab enemies, the Gulf monarchies. As he did so, he invited oil-rich Gulf capital to invest in Egypt and pursued opening the Gulf market to the absorption of the cheap Egyptian labor power. Hence, immigrant remittances and Gulf aid became vital revenues under Sadat (Stacher 2012, 66).

Sadat also devised clever strategies to deal with a large and demobilized military in order to preempt a potential coup d'état. He involved the Egyptian military in economic liberalization and set the stage for the rise of the largest corporation in Egypt, led by the generals, the "*Military Inc*" as well described by leading scholar, Robert Springborg. The military economy would flourish later on under Mubarak (Springborg 1987, 5; Stacher 2012, 63; Joya 2018 b, 9; Bou Nassif 2013) but its architecture was erected under Sadat. In addition to the Ministry of Military Production, which runs a number of industries, the Arab Organization for Industrialization (AOI)[20] was created in 1975 and the National Service Projects Organization (NSPO) in 1979. The AOI runs a number of industries (12 industries in 2012) that have benefited from Western technical assistance and Gulf capital to initiate the production of weapons and oversee their export to the Global South (Annex). AOI would later branch out to several types of civilian production, including the purifying of water and production of cars, computers, ambulances, and many more products (AOI 2019). NSPO runs a number of industries (20 industries in 2019) and oversees civilian production of consumer non-durables for the purpose of creating a condition of self-sufficiency for the armed forces. It is also involved in a number of projects for land reclamation and agricultural production, the creation of gas stations, constructing highways and other construction projects, as well as the creation of military-run marble, cement, and chemical industries.[21] By virtue of law 32/1979, the military walled off its economic activity from civilian oversight. In fact, the industries that are managed by *Military Inc.* are not subject to external review from the parliament or any other civilian body, which deepened the financial and institutional autonomy of the military (Sayigh 2012, 17). The architecture of *Military Inc.* would set the stage for collaboration between the military and private capital and at the same time would

[20] For the industries and activities of AOI see: https://www.aoi.org.eg/index.php?lang=ar
[21] See the NSPO website: http://www.nspo.com.eg/nspo/ar/about_nspo/index.html

also usher in a change to the military's economic plan. While in the past it had been involved in the production of consumer non-durables geared toward lower-income purchasers, it now started to produce consumer durables aimed at the armed forces and the upper classes (Springborg 2018).

2.3.2 Opening (Infitah) and Rentierism

With this bureaucratic and political restructuring, Sadat pushed for the adoption of *Infitah* (opening). The policy opened Egypt to local and private investments (Hanieh 2011; Waterbury 1983; Farah 2009; Ikram 2005). From the beginning, Sadat provided a wide range of guarantees for capital encoded in the 1971 Constitution and Decree 65 of 1971. At the heart of these guarantees were safeguards given for capital against the nationalization of private assets and protections for private property rights (Mustafa 2007, 70). However, only 50 projects were approved between 1971 and 1974 (Ibid), which made Sadat aware of the necessity of waiting for a riper moment to declare liberalization as an official national economic policy. By doing so, he hoped to boost capital's confidence in the Egyptian economy. Fearing popular resistance to the unpopular policies that he was planning to pursue, Sadat launched his offensive against Israel in 1973 and emerged as the "Hero of the Crossing" who restored dignity to Egyptians after the 1967 defeat. The 1973 war provided a protective shield for the implementation of his 1974 October Paper and for his resolute declaration that Egypt would step into "liberalizing its economy and opening it for foreign and Arab investments" (Ibid).

The 1974 October Paper allowed for the adoption of Law 43 of 1974, a blueprint for Egypt's economic liberalization. Sadat gave broad guarantees for capital, including the possibility of importing technologies, downsizing the public sector, and expanding the role of the private sector in the economy by considering any public-private venture a private one, enabling the creation of free zones with flexible labor standards, giving tax exemptions for private capital, and enabling the repatriation of profits and capital abroad. He also dismantled protectionist measures that had been awarded to the working class under Nasser. Sadat repealed "labor representation on management boards, the profit-sharing formula with workers (25%) and the (maximum) salary ceiling applied to the public sector" (Mustafa 2007; Waterbury 1983). When private investments did not pick up, Sadat adopted Law 32 of 1977. The new law allowed foreign investments in Egypt in all fields, exempting new investments

from tariffs and taxes for a minimum of 5 years and equalizing the treatment of Egyptian with foreign capital to appeal to Egyptian investors abroad (Mustafa 2007; El Tarouty 2015).

Despite the incentives provided to local and foreign capital, investments remained low. A decade after liberalization, the new investments only offered “74 946 jobs for a labor force of 11 million” (Mustafa 2007, 77). Most of the projects were in non-productive sectors such as tourism, construction, and the financial sector (Waterbury 1983, 144).[22] Both local and foreign capital sought fast and high profits at the expense of development (Waterbury 1983; Mitchell 2002). The Constitutional and legal guarantees were simply not enough to appeal to investors. As Mustafa noted, Sadat continued to “invite capital without institutional safeguards against expropriation” (Mustafa 2007, 73). Hence, a hostile and unreliable bureaucracy along with corruption and inefficiency led the president to intervene personally to authorize specific projects (Waterbury 1983, 144).

The economic transformations that opened up the Egyptian economy and rolled back state interventionism were accompanied by an overt attack on the state’s redistributive functions. From the beginning, Sadat was keen to cut public spending. The president inaugurated his term by proposing wage compression for public sector employees, but was quickly forced to roll back his decision amid a massive wave of strikes (Smet 2015, 182; Posusney 1997). In 1977, Sadat initiated talks with the IMF. Securing an IMF loan was conditional upon cutting public spending, to which Sadat responded by lifting subsidies on 30 essential commodities,[23] including sugar, rice, and gasoline, and canceling incentives on salaries for public sector employees Political Economist 2).

These governmental decisions were met with the 1977 Bread Riots (Ibid). The main protagonists were workers in the public sector, students, and civil servants who engulfed Egypt's important cities, taking the president by surprise and forcing him to roll back his decisions. In two days, the military was asked to brutally end the public anger, killing 79 civilians and wounding 800 (Mustafa 2007, 72). Instead of downsizing the public sector, Sadat was then forced to expand it. Public-sector employment reached a high of 32% in 1981 compared to 9% under Nasser (Ikram, 2005, 37). Employment in the civil service went from 28% in 1962 to 35% in 1979, and state subsidies rose from 7.7% in 1971 to 58.6% in 1980

[22] A closer look at investments during this period shows that Egyptian investments accounted for 61% of all investments (24% by the public sector and 37% by the private sector) (Ibid). Most of the projects implemented were geared toward the banking and financial sectors (54%), and only 23% were in the industrial area (More 1986, 639). Arab investments reached 23%, and Western investments remained at a relatively low rate of 16% (Farah 2009, 31). Arab investments were geared toward free zones (72%) and the construction sector (40%). High and rapid profits were sought by both local and foreign capital at the expense of development (Ibid).

[23] These commodities included for instance: bread, cigarettes, gasoline, sugar, flour, corn, sesame oil, beans, meat, tea, rice, textiles, and clothing.

(Waterbury 1983, 242). Between 1978 and 1980, the monthly minimum wage increased from 16 EGP to 25 EGP (Posusney 1997, 138).

To finance the wage and subsidy bills, Sadat became entirely reliant on foreign loans and rents, setting the stage for Egypt's chronic deficit and debt problem (De Smedt 2015; Farah 2009; Interview with Political Economists 1 and 2). The diversification of foreign aid assistance and rents was governed by Egypt's changing regional role. Oil-rich Gulf monarchies gained independence in the early 1970s, and the 1973 oil boom encouraged them to hire more migrant workers, including Egyptians. Sadat facilitated the export of Egyptian labor power to Gulf countries by enshrining the right to work abroad in the 1971 Constitution and removing all restrictions such as exit visa requirements (Hanieh 2011, 11). By 1979, Egyptian immigrant workers returned 2 billion $, equal to Suez Canal revenues (Ibid). The reconciliation with Gulf monarchies also resulted in large amounts of Gulf aid, a "3.2$ billion loan which ended up exacerbating Egypt's debt problem" (Mustafa 2007, 73). Besides Gulf money, rent revenues expanded in the wake of the 1979 peace accord with Israel to also include Suez Canal and tourism revenues as well oil and foreign aid (Smet n.d, 21). Rentierism therefore brought Egypt back, full circle, to the problems of dependent development. The Egyptian economy was subservient to immigrant remittances, regional and international stability, as well as to stable oil prices. The limits of rentierism, which financed political stability, were once again exposed under Sadat's successor, pushing the latter to sign loan agreements that exacerbated public debt and a budget deficit and integrated Egypt in a vicious circle of loans and borrowing.

2.4 Egypt's Neoliberal Experience under Mubarak (1981-2011)

While Mubarak walked in Sadat's footsteps, he was more "successful" in implementing neoliberal policies. This section argues that the deepening of neoliberal reforms during Mubarak's term weighed heavily on the popular sectors, and benefited the ruling family, the business community, and the generals. I also argue that Mubarak's strategies in the last years of his rule antagonized his traditional base of support: the civilian and military bureaucracy. The distance between the Mubarak regime and the generals materialized when Mubarak attempted to turn against the bureaucracy in general by empowering his neoliberal son, Gamal. While Mubarak prepared for his son's succession, he conferred vast privileges on a small group of business tycoons who made fortunes through financial and real estate speculation and market monopolies (Mitchell 2002; Smet 2015). Mubarak also paved the way for the business community to start appropriating the political arena while marginalizing the old guards, particularly the military. The growing feelings of marginalization from politics

and the feelings that a potential encroachment on the military's economic and institutional interests would take place under Mubarak's neoliberal son facilitated the bloodless coup against Mubarak in 2011. Hence and along with the de-legitimization of the Mubarak regime by the class struggles (Chapter 3), the disintegration of the ruling alliance would bring about an end to Mubarak's long rule in 2011.

2.4.1 The Presidency, the State-Dependent Business Community, and the Generals

Neoliberal reforms were implemented over just two decades, the business elites wanted to speed up the process, deeming the "inefficient" public sector the major impediment to market reforms. I argue in this section that Mubarak's succession plan entered into conflict with his coup-proofing strategies. These contradictions manifested themselves at the level of the socio-political pact that had maintained Mubarak’s regime for thirty years, precipitating his removal by the 2011 revolution.

Under Mubarak, the regime maintained the attributes of Sadat's presidentialism, but there were also important transformations that happened at the level of the state that allowed Mubarak to enforce the implementation of neoliberal policies. Mubarak emerged as the longest-standing dictator, ruling Egypt for three decades, with a project to transfer political power to his neoliberal son, Gamal. The centralization of power in the hands of the presidency was applauded by IFIs, who saw this centralization as key to circumvent the bureaucratic and popular resistance to unpopular neoliberal policies (Hanieh 2013, 64-65; Abdelrahman 2015, 11; Brynen et al 2012, 229). Consequently, these institutions, along with the unwavering American support for Egypt, the second largest recipient of US aid in the region, financed political stability and turned a blind eye to political reforms (Brynen et al 2012).

Important changes within the state apparatus have also taken shape to ensure the implementation of neoliberal reforms and to maintain Mubarak’s authoritarian coalition. Neoliberal authoritarianism had to cultivate a domestic, social, and political base of support (Hanieh 2013, 65). Hence, Mubarak’s authoritarian coalition tied the presidency to the civilian and military bureaucracy who were increasingly eclipsed from politics and replaced by a handful of state-dependent neoliberal businessmen and neoliberal ideologues trained at the World Bank and the IMF. Neoliberal policymaking became the realm of the president, his family, and the financial instruments (the central bank and the ministry of finance) as well as important think tanks (such as the Egyptian Center of Economic Studies (ECES)) that were created with the support of USAID and powerful businessmen (Ibid; Abdelrahman 2015, 9).

The details of the state-dependent business community's appropriation and restructuring of politics (the ruling party, the parliament, the cabinet) will be discussed shortly, but it is worth noting here that state functions were upgraded to cement Mubarak's pact with the proponents of neoliberalism. The state became the main instrument for transferring wealth from the poor, the working class, and the middle class to capital. For example, "in Egypt spending on subsidies dropped from 14% of government expenditures in 1980-1981 to 5.6% in 1996-1997" (Hanieh 2013, 69) and at the same time more than three quarters of the energy subsidies were consumed by the business elites (Abdelrahman 2015, 11). Moreover, to deal with the popular resistance to neoliberal policies, the regime expanded its spending on the coercive apparatus. For example, expenditures in the interior and defense budgets exceeded the combined education and health spending between 2005 and 2010 (Hanieh 2013, 69). Compared to Morocco, Jordan and Tunisia, Egypt ranked second after Jordan "with 12.9% of government expenditures spent on both the internal security and military" (Ibid).

The president was aware of the necessity of shielding his regime from opposition from within and in particular from the bureaucratic opposition to his neoliberal policies. Hence, he pursued altering this pact and tipping the balance of power in favor of the business class, given that his son was an investment banker who did not enjoy the favor of the senior military officers and the bureaucracy at large. Under Mubarak, the pact erected under Sadat continued to exist, but the rapprochement between the business community and the Mubarak regime became explicit in the few years of Nazif's term, which widened the gap between Mubarak and the bureaucracy at large. This gap fomented the feelings among military officers that they were being relegated to the secondary order while they had previously occupied a center stage and especially in the economy (Joya 2018 b).

To relate the discussion back to Chapter 1, the Egyptian case is a case wherein the military benefited from the Mubarak regime; the military grew autonomous over the years and developed economic interests of its own. It also coexisted for too long with the state-dependent business community. However, while the state-dependent business community had high stakes in grooming Gamal to power, the succession project could not see the light given that the Egyptian military developed into the largest and strongest entrepreneur under Mubarak's rule and had an eye on preserving a regime that would protect its privileges. The following section pays attention to this dilemma by examining the relationship between Mubarak and the state-dependent business community and the relationship between Mubarak and the military.

2.4.1.1 The Business community and the Mubarak regime

In this section, I argue that the state-dependent business community reaped the benefits of the neoliberal reforms and attempted to tip the balance of class power in their favor in the last decade of Mubarak's rule. It was not only that these businesses remained dependent on the Mubarak regime; the latter also relied extensively on their support to ensure the political succession project. This combination of a state-dependent business community and a regime dependent on the politically connected business community undermined prospects for businesses to push further a democratization of the regime.

The market reforms discussed in the following section ceded public assets and public land to the politically-connected businesses, and supplied them with cheap and unregulated labor power along with free access to natural resources and energy subsidies in return for their political quiescence (Mitchell 2002; Adly 2009; Abdelrahman 2015, 11). During Mubarak's term, the politically-connected businesses, a total of 32 individuals controlling 500 firms (Cammett and Diwan 2016, 86), exerted market monopolies over crucial sectors of the economy such as the iron, steel, telecommunications, food, and cement industries (Adly 2009; Abdelrahman 2015, 11). Even as they became responsible for the largest share of debt to the public banks, their debts were written off due to their political connections (Roll 2010, 357). By 2006, "0.19% of clients benefited from 51 % of credit extended to the private sector. Thirty large corporations accounted for about 40 % of total credit supply, and 28 from this group received in total 13 % of the overall credit" (Roccu 2013 a, 65).

This politically-connected business community was aware of the necessity of appropriating politics to ensure the deepening of neoliberal reforms to a level where a handful of politically connected business tycoons could reap the benefits of market reforms. During Mubarak's term, the state-dependent businessmen shared the political and economic space with Egypt's "pyramids," the resilient and robust bureaucracy, chief among them the military. Furthermore, given that they had not yet fully appropriated politics, they held the bureaucracy responsible for slowing down the pace of neoliberal reforms (Interview with Political Economist 2), hence their resolute steps to control the presidency on the basis of the centrality of this institution to Egyptian politics. In pursuit of their agenda, the members of the business community were aware of the necessity of controlling the NDP and restructuring the party along neoliberal lines, thereby ultimately controlling parliament and the cabinet.

Hence, they endorsed Gamal's succession and supported it ideologically, politically, and financially. On an ideological level, the neoliberal businessmen established their think tank: the Egyptian Center for Economic Studies (ECES). ECES published studies that

supported neoliberal reforms. Its members linked the ruling party, the think tank, and the cabinet (Roll 2010, 365; Abdelrahman 2015, 9). Businesspeople also mobilized privately-owned media to promote the succession project, and financed Mubarak's electoral campaigns, ran on NDP lists during parliamentary elections, and supported the restructuring of the NDP along neoliberal lines (El Tarouty 2015). On the political level, the neoliberals staged a "soft coup" (Interview with Political Economist 2). This soft coup entailed restructuring the NDP, to eclipse the old guard of the regime, the representatives of the resilient bureaucracy from within the ruling party, and thereby to transform the NDP into a platform that enabled the articulation of neoliberal policies.[24] The strategy materialized with the appointment of Gamal to the NDP's Strategic Policies Secretariat. With a group of other neoliberal technocrats and businessmen, Gamal framed party politics along neoliberal lines and opened the doors for his friends from the business technocratic communities to join the ruling party (Roccu 2012, 193).

Accompanying the transformations within the political party were the transformations in the parliament and the cabinet that paved the way for the acceleration and the deepening of neoliberal reforms. Politically connected businesspeople ran for parliamentary elections, won seats in the People's Assembly, and controlled parliamentary committees. Between 1995 and 2005, the number of seats controlled by businessmen increased from 8 to 150 out of 444 seats (Joya 2011, 370). Their control over politics took shape with the appointment of Ahmad Nazif as prime minister (2004-2011). Nazif centralized decision-making in a troika of businesspeople and technocrats trained at the World Bank and the IMF, who began one of the most aggressive waves of accumulation by dispossession. The troika worked closely with the business tycoons who were in charge of critical governmental portfolios such as tourism, trade and industry, transportation, housing, agriculture, and health. They divided the spoils between each other so that each businessman/cabinet member operated a family-owned business in his portfolio (Joya 2011; Adly 2017, 10; Abdelrahman 2015, 10).

2.4.1.2 The Generals under Mubarak

In this section, I argue that the military benefited from the privileges that it acquired under the Mubarak, but as an institution it was not tied via blood or ethnic ties to the Mubarak regime. Under Mubarak, the military was not a repressive apparatus protecting the interests of the neoliberal elites; rather, it unfolded into the largest corporation in Egypt, defending its own capitalist ventures whenever needed. Under Mubarak's rule, military interests could be

[24] For a discussion of the transformation at the level of discourse with the NDP see: http://ahramonline.azurewebsites.net/NewsContentP/1/2576/Egypt/Economy,-not-politics-in-NDP-conference-.aspx

summarized in the following manner: the military's aspiration to control the defense budget and continue shielding it from civilian control; the protection of the military's privileged position in the civilian bureaucracy and the SOEs, providing avenues for enrichment especially for senior and loyal military officers; the protection of the military's vast economic and business ventures; and maintaining a pro-American foreign policy that in turn maintained a steady flow of US military aid (Sayigh 2012). Although the Mubarak-dependent business community started to reap the benefits of neoliberalism from the late 1990s onwards, the military was not totally marginalized. In fact, the private sector needed the military's approval (as it controlled large tracts of land); expertise in important areas including real estate, agriculture, and infrastructure; and technological know-how. Hence, the military and the private sector would cooperate together, although the military would have to accept the expansion of the neoliberal elites' interests and spheres of influence in the economy (Joya 2018 b, 8; Abdelrahman 2015, 21-22). Moreover, although the military industries and economy were geared toward satisfying local demand for the local markets (with the exception of the arms exports), they also become deeply embedded in networks of cooperation with regional and transnational capital. Hence, the military's economic ventures thrived under Mubarak, but they had to co-exist and share the realm of economics with NDP businessmen.

To start with, there was no "ideational link" between the EAF (Egyptian Armed Forces) and the presidency, in contrast to the strong ties forged between his predecessors and the army (Bou Nassif 2013, 515). As some have noted, Mubarak's discourse focusing on "stability" did not appeal to the army (Ibid), hence the necessity of devising strategies that ensured the army's loyalty to the presidency. Furthermore, unlike Sadat, he did not pursue divide and rule strategies within the army ranks nor frequent turnovers (Bou Nassif 2013, 516); rather, he coopted the military officers, manipulating his power to appoint them and to reward them materially. As the Supreme Commander of the Armed Forces, he retained total control over the appointment of the post of Commander in Chief, the promotion above the rank of Brigadier, and dismissal of popular military leaders (Bellin 2004).

Loyal officers were given key cabinet positions (the ministry of defense, military production, and civil aviation and local development), post-retirement jobs in the state bureaucracy,[25] and managerial positions in state-owned enterprises.[26] Retired generals were

[25] For example the chairmen of the strategic Suez Canal, Alexandria, Port Said, Damietta and Red Sea ports were all generals, (see Bou Nasif 2013, 523).
[26] For example all "transportation sectors, public utilities, the Cement industries in all provinces, tourism and food industries" (See fSayigh 2012, 16-17)

local governors controlling around 40% of all governor posts and permeated all aspects of civil service (Bou Nasif 2013, 517; Sayigh 2012, 16; Abdelrahman 2015, 23-24; Harb 2003; Joya 2018 b, 8). As the number of people living below the poverty line increased to nearly 25% by the end of Mubarak's term, the generals in "civilian jobs" earned astronomical salaries (Sayigh 2012, 17).

The military was awarded large tracts of land, a legacy of Nasserism that was then justified by the necessity of defending national security. Mubarak's law 143/1981 awarded the Ministry of Defense control over lands for 'strategic use' (Joya 2011, 372). This law gave the generals strong bargaining position vis-à-vis local and international capital, with the latter becoming dependent on the military's approval to cede land for the private sector. As some have argued, the "most notable example in the 1990s and 2000s is the role that former officers-turned-governors played in collaborating with the Ministry of Housing to facilitate the transfer of public lands to private sector and accumulate wealth for themselves in the process" (Joya 2018 b, 8). Avenues for self-enrichment presented themselves as the generals-turned-governors sold valuable land at less than the real value for private investors, incurring heavy losses for the public treasury (Bou Nasif 2013, 518).

The expansion of their economic ventures into every aspect of civilian and military production was facilitated by the architecture of *Military Inc.* discussed above. The military benefited from access to land, raw materials and cheap labor power (the military conscripts), and its unique access to technological know-how from Western countries. All these factors led to a situation wherein, under the charismatic leadership of Marshall Abu Ghazala (1981-1989),[27] the military expanded its production of consumer non-durables (food, water, etc.), luxury consumer durables (computers, cars, jeeps, etc.), housing (for both low- and high-income purchasers), military-run clubs and hotels, and public works contracts (Sayigh 2012, 17; Springborg 2018; Joya 2018 b, 10).[28] Furthermore, the Abu Ghazala years witnessed the expansion of the military industry and an astronomical rise in arms exports.[29] The subsequent two decades would witness the rise of the neoliberals; the pressure on privatizing state assets presented itself and the military "was thrown on the defensive" while trying to protect its interests (Joya 2018 b, 13-14). However, despite the important changes, their share of the

[27] See also a discussion of the expansion of the military economy under Ghazala in the CIA reports (1987, pages 3-4).
[28] For their economic activities see the AIO, MOD and NSPO websites. Bou Nasif (2013) noted that 70% of the AIO production is civilian production while 40% of the MOD production falls in the relam of civilian production (Bou Nasif 2013, 526).
[29] For the arms exports , see Index Mundi : https://www.indexmundi.com/facts/egypt/arms-exports

economy was estimated to be somewhere between 25% and 40%.[30]

As Egypt's largest and main entrepreneur, the military managed important partnerships with foreign and regional investors (Sayigh 2012, 17). By the end of Mubarak's rule, the military was the leading partner for Gulf investors. With the Kuwaiti group Kharafi and Sons the military controlled the International Pipe Industry Company, the "largest producer of oil and gas in the region" (Stacher and Marschall 2012). With Denmark, Hong Kong, and France, the military invested in maritime projects worth tens of billions of dollars (Ibid). The military's share of the energy sector was estimated to overwhelm the Ministry of Petroleum's share. The military owned shares in the state-owned oil company, *Tharwa* Petroleum, and collaborated with Chinese, Italian, and Canadian firms on energy-production projects (Ibid). Furthermore, the generals inserted themselves as middlemen in the lucrative arms deals businesses furthering the interests of specific arms corporations who have in turn disbursed vast sums of cash to the generals (Bou Nasif 2013, 528).

However, whereas the military played a very intrusive role under Nasser, the military's coercive role was rolled back in the wake of the 1967 defeat, a situation that would deepen under Sadat and Mubarak (Smet 2014; Droz-Vincent 2010). This role was conferred on a depoliticized police force staffed with regime loyalists and commissioned with maintaining "internal security" by smashing public dissent (Droz-Vincent 2010, 198). The General Intelligence Service (GIS) and the Interior Ministry's State Security Investigative Service (SSIS) were the two main tools used by Mubarak to silence opposition, with the GIS being the "the more powerful of the two as it reached out to dissidents inside Egypt and abroad" (Brownlee 2011). Internal security forces reduced Mubarak's dependence on the military's "coercive and repressive capabilities, a bargaining chip for most militaries in the Arab world" (Droz-Vincent 2010, 198).

While the military budget consistently exceeded the sums allocated to the security forces, the defense budget's growth was negligible compared to the ministry of interior's budget (Sayigh 2012). Furthermore, during Mubarak's term the share of the military expenditure from the GDP was dramatically reduced (Annex). To add to the feelings of competition with the internal security apparatus, the military was alarmed by the fact that the security apparatus recruited 1.5 million people in 2010, which was also the equivalent of four times the size of the military (ICG 2012).

[30] Of course actual data on the size of the military economy is not available given that its activities are walled off from civilian oversight. Joshua Stacher and Sana Marshall, "Egypt's Generals and Transnational Capital", *Middle East Report On Line (MERIP)*, Spring 2012: http://www.merip.org/mer/mer262/egypts-generals-transnational-capital

Hence, while the Mubarak regime protected and extended the interests of a state-dependent business class, the military, the repressive arm of the state, was not charged with protecting business interests. Instead, this mandate was conferred on the internal security forces, and the military defended its own businesses. While this was arguably a tacit strategy to deprive the military fof its bargaining chip, it actually shielded them from public calls for retribution for the human rights abuses under authoritarianism. It was the internal security forces, rather than the military, that became the center of such criticism on the eve of the 2011 revolution. This condition enabled the military to play an overt role in deposing the dictator and in inserting itself as the key political actor in post-Mubarak Egypt.

In sum, Mubarak's multi-layered strategy aimed at coup-proofing his regime succeeded in keeping the military docile for nearly thirty years; however, it did not totally shield the dictator from the possibility of military defection. Ironically, this strategy at times antagonized military officers and at others gave them ample opportunities to draw their autonomy from the regime by expanding their economic ventures. As the military was committed to expanding its economic ventures, it sought to protect its privileged position as the largest corporation in Egypt rather than protect the interests of the neoliberal business community (Stacher and Marshall 2012). In fact, the generals' main concern was that while Gamal was trying to project himself as a "reformist," his policies were geared toward privileging the businesses of his close allies. This situation urged the military to produce higher quality and cheaper commodities, and to "improve the quality of their work in the hotel industry and compete with private firms to attract critical foreign investment" (Joya 2011, 137). Gamal also promised to downsize the public sector and replace the military managers of SOEs with his fellow businessmen, who would in turn put the career paths of the officers-turned-bureaucrats at stake (ICG 2012). Hence, while the military had previously benefited from Mubarak's policies, it started to view the succession project with skepticism, which facilitated the military's withdrawal from the pact that sustained Mubarak's regime for three decades.

2.4.2 Two Decades of Neoliberal Reforms

This section focuses on the market reforms that transferred wealth and income from the poor and the working class to the upper classes and capital. The reforms included an attack on the redistributive and interventionist state, i.e. labor market deregulation, subsidy policies, cuts on public spending such as health and education, taxation policies, land reforms, and freeing the prices of rents, as well as a shift from a developmental to a predatory state that

oversaw the liquidation of the public sector. I argue that, from the perspective of class power, the neoliberal decades were synonymous with the cannibalization of the public sector, driving the living and working conditions for the majority of Egyptians in a race to the bottom, while benefiting a handful of upper-class elites. The reforms are discussed in the chronological order of their implementation to make explicit how the Mubarak regime tried to circumvent resistance to the neoliberal agenda by starting with land reforms, privatization, and the changing of the laws of investments to accentuate and accelerate the process of accumulation by dispossession, under the last cabinet of Prime Minister Ahmed Nazif. The deepening of accumulation by dispossession took shape with labor market deregulation, taxation laws, and the rolling back of state subsidies aimed at low-income and middle-income earners, along with an aggressive attack on the private sector, all of which increased the levels of income inequality and unemployment. The chronology is therefore essential to discussing how this race to the bottom, which reached its apogee under Nazif, ushered in the most significant wave of strikes, ultimately delegitimizing the regime in power and setting the stage for the 2011 revolution that would in turn lead to the jettisoning of Mubarak (Chapter 3). The intensity and chronology of the reforms is also essential to understanding how the rifts between neoliberal business elites and the bureaucracy started to take shape and deepened under Nazif's mandate. These rifts set the stage for divisions within the ruling coalition that would facilitate Mubarak's removal and the rise of neoliberal militarism in post-Mubarak Egypt. Before delving into free market reforms, the following section discusses the context of the signing of the 1991 ERSAP agreement.

Hosni Mubarak initially declared that he would distinguish himself from his predecessor. His first statements revolved around reinvigorating the role of an interventionist state in planning, supporting the industrial sector, and opening court cases against the corrupt *Infitah* bourgeoisie (Sulaymān 2011). It shortly became clear, however, that Mubarak was walking in Sadat's footsteps at both the domestic and the international levels. Under his mandate, the limits of rentierism were exposed with the advent of the 1985 oil bust (Roccu 2013; Sulaymān 2011; Smet 2014; Farah 2009). Declining rents and growing government expenditures worsened the budget deficit and exacerbated Egypt's debt problem (Sulaymān 2011; Interview with Political Economist 1 and 2). In less than a decade, external debt doubled, reaching a high of $45.676 billion in 1989,[31] while the budget deficit reached 20% of GDP (Farah 2009, 41; Joya 2013).

[31] For Data on External Debt see the World Bank: https://data.worldbank.org/indicator/DT.DOD.DECT.CD?locations=EG.

Only a "miracle could have saved the economy" (Interview with Political Economist 1; Sulaymān 2011); a miracle that happened when Iraq invaded Kuwait (Ibid). In exchange for Mubarak's support to the US-led coalition in the war, creditors forgave Egypt's debts. Between 1990 and 1994, half of Egypt's foreign debt was canceled and the other half was rescheduled (Adly 2014, 70). Debt relief was made conditional on Egypt's signing of the 1991 ERSAP agreement with the IMF, which integrated Egypt into a vicious cycle of foreign debt and borrowing and at the same time the relationship between Mubarak, the USA, the Gulf monarchies, and Israel warmed up significantly.

With the adoption of neoliberal reforms, Egypt became totally subservient to American imperialism. Besides the Egyptian collaboration with the U.S in the first Gulf war, the two countries collaborated in the wake of 9/11. The USA outsourced torturing terrorist suspects to Egypt. A BBC report featured "Egypt's prime minister who acknowledged that since 2001, the USA transferred more than sixty detainees to Egypt as part of the 'war on terror'" (Naguib 2011). Furthermore, "Egypt kept the Suez Canal open to US warships that were to devastate Iraq" during the 2003 US invasion of Iraq (Ibid). In Israel's 2006 war on Lebanon, "the Egyptian regime was a staunch supporter of Israel's plan to destroy Hezbollah, and it orchestrated an intensive media campaign demonizing Shiites and fuelling Sunni-Shiite sectarian tension" (Ibid).

At the local level, the neoliberal reforms were implemented gradually to ward off their political costs. Mubarak's nightmare, like that of every ruler, was the 1977 Bread Riot (Interview with Political Economist 1). Against this background, the negotiation and implementation of neoliberal reforms took shape gradually under four prime ministers. [32]

One of the first pieces of reform was Law 96 of 1992, which dismantled Nasser's land reforms. Law 96 was passed by a parliament where seats allocated to peasants were controlled by big landowners connected to Mubarak (Roccu 2012). The landed bourgeoisie reclaimed lands, lifted the ceiling on land rents, and proposed the liberalization of rent, leading in some cases to prices as high as 400% of their original (Abedelrahman 2017; Hanieh 2011). The law also paved the way for evicting peasants from their lands, fomenting a crisis of landless peasants, rural unemployment, and poverty (Abedelrahman 2017; Joya 2013; Smet 2015, 2014).

[32] Atef Sedky (1986-1996) facilitated the negotiation of the ERSAP agreement and oversaw its early implementation. Kamal Al Ghanzoury (1996-1999) introduced changes to the laws governing investment, introduced early retirement schemes, and oversaw the privatization of a large number of SOEs (Joya 2013). Atef Ebeid (1999-2004), whose term was marked by the rise of political opposition to Mubarak's foreign and domestic policies, was forced to slow down the pace of reforms. Ahmad Nazif (2004-2011) presided over the businessmen's cabinet, which oversaw the most aggressive attack on the public sector and workers' rights. His term was synonymous with the most significant wave of privatization, as well as with rising unemployment, an amendment of the taxation laws, and rolling back of the state subsidies aimed at the poor and lower-income Egyptians.

Law 203/1991 exacerbated the question of unemployment and informality.[33] The law provided the blueprint for privatizing the public sector and dealing with Nasser's state-owned industries and enterprises in preparation for downsizing the public sector. The Egyptian government adopted IFIs' views, depicting the public sector as "inefficient," and "draining the resources and slowing economic growth" (Hanieh 2013, 50). To improve market efficiency, IFIs recommended privatizing 314 SOEs (Ibid), of which 174 were documented by the World Bank (Annex). Such recommendations were made at a time when the privatized SOEs were profitable[34] and hiring more than a million workers (approximately 6% of the labor force) (Mitchell 1999, 458).

In order to contain the inevitable working-class opposition, privatization was framed as a culmination of socialist principles encoded in Article 4 of the 1971 Constitution. Articles 30 and 33 of the 1971 Constitution stipulated, "Public assets have their sanctity." Policymakers justified privatization on the basis that it would "extend ownership to all Egyptians" and promote "widespread access to capital ownership through the democratization of capital" (Interview with ECES Researcher; Hanieh 2013, 51). An Employee Shareholder Association (ESA) was created to give 10% of the shares of privatized companies to workers in an attempt to co-opt and demobilize them (Weizz and Wurzel 1998, 118). In reality, however, most of these promised profits were never disbursed. By 2016, the workers in an Alexandria Cement industry privatized in 1994 were still protesting the disbursement of these profits (Group Interview with Cement Industry workers).

As was the case for agricultural reforms, privatization invited non-developmental rent-seeking foreign and local capital. This challenged IFIs' assumptions that privatization could deal with the public sectors' inefficiency.[35] The manufacturing/industrial sector was struck by the privatization deals (Annex), leading to a clear policy of de-industrialization. Moreover, the Egyptian government sold SOEs beneath their actual value to generate fast revenues (Interview with Tanta Flax Unionist). Investors bought cheap and sold dear or closed the factory altogether and exported subsidized raw materials to another plant in another country (Interview with ECESR Researcher). Workers lamented the fact that their factories, which they had built with their fathers and in which they operated 10 to 12 lines of production, were sold for the value of one line of production. The Alexandria Portland Cement factory and

[33] Arabic Text of the Law on the Regulation of Public Sector Companies (Law 203 of 1991) available at http://www.egypt.gov.eg/arabic/laws/download/newlaws/%D8%A7%D9%84%D9%82%D8%A7%D9%86%D9%88%D9%86%20%D8%B1%D9%82%D9%85%20203%20%D9%84%D8%B3%D9%86%D8%A9%201991.pdf

[34] The fact that they were profitable public enterprises was stated in a 2002 USAID report entitled "The Results and Impact of Egypt's Privatization Program": http://www1.aucegypt.edu/src/wsite1/Pdfs/Results%20and%20Impacts%20of%20Privatization%20in%20Egypt.pdf

[35] For this line of argumentation, see USAID Report (2004): Privatization in Egypt: http://pdf.usaid.gov/pdf_docs/Pdaca341.pdf

Tanta Flax and Oil Company are only two examples of many corrupt deals (Group Interview with Alexandria Cement Workers, Interview with Tanta Flax Unionist, Interview with ECESR Researcher).

The combination of a non-developmental state and non-developmental capital expanded the services sector at the expense of the productive sectors (Annex). Furthermore, privatization did not lead to job creation; instead, unemployment reached its highest levels following the aggressive waves of privatization (11.3% in 1995; 11.2% in 2004; Hanieh 2013, 53). The situation was exacerbated by the decision to adopt a program of early retirement schemes supported and applauded by USAID.[36] In 1996, early retirement schemes reduced working-class density at the factory level, reduced labor costs, and undermined the power of labor organizing to prepare industries for privatization, making them more appealing for investors.[37]

Mubarak's commitment to downsizing the public sector and inviting the expansion of the private sector required amending the laws of investment. A first law (230/1989) appealed to investors by equalizing foreign with local investors, opening the door for investments in reclaiming land and cultivating desert lands, and providing a wide range of tax exemptions leading to the loss of much-needed state revenues (Sulaymān 2011, 123). The law was amended in 1997, allowing private capital to invest in the strategic oil, natural gas, and financial sectors. The law also stipulated that the state could pass public lands to investors "free of charge." Far from increasing investments, the law paved the way for the ruling class to transfer natural resources and land to the regime's regional allies. A case that caused public discontent was the transfer of 100,000 Feddans (1 Feddan = 0.42 hectares) by former PM Ghanzoury to one of Saudi Arabia's wealthiest men, Al Walid Bin Talal. Hussein Salem, a former security officer, an Egyptian businessman, and a close friend of Mubarak, came under also public scrutiny before and after the revolution, for stepping into the gas sector and forging deals to sell cheap gas to Israel.[38]

While opening strategic sectors for private capital and privatizing most sectors of the economy, the Mubarak regime embarked on its attack on labor standards to make Egypt more appealing for private businesses. This process took shape in several steps: first by introducing tercerization through placement agencies, and later by instituting labor market deregulation with the adoption of Law 12 of 2003.

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[36] See the USAID's articulation of support for early retirement http://www1.aucegypt.edu/src/wsite1/Pdfs/Results%20and%20Impacts%20of%20Privatization%20in%20Egypt.pdf

[37] On early retirement, see the Land Center for Human Rights report (LCHR): http://www.lchr-eg.org/archive/77/77-17.htm.

[38] For the corrupt business deals under Mubarak, see the study by Amr Adly (2011) *Mubarak A State of Corruption.*

Mubarak's Egypt witnessed the proliferation of placement agencies hiring temporary workers with no occupational or social protection (Interview with Cairo-based Unionist and Former EITUF member).[39] Placement agencies were illegal as per the 1981 and 2003 labor laws, which prohibit a third party from mediating the relationship between workers and employees (Ibid). However, owners of these agencies served the regime's objective of making work contracts more flexible, and collaborated with the national security apparatus to shield their activities from public scrutiny (Ibid). Unregulated temporary work permits gave leverage for employers to abstain from complying with necessary safety measures. For example, Egypt was home to highly polluting industries such as the cement industry; a large number of European multinationals relocated to Egypt to avoid regulation back home (Interview with Suez Unionist). As one of my interviewees argued, "cement is very thin and toxic. They do not protect them from inhaling the thin cement powder. They will die from cancer" (Interview with Cairo unionist and Former EITUF member).

Furthermore, for temporary workers, work remains temporary no matter how much time a worker spends at the workplace. Consequently, they are not entitled to a pension, social benefits, or bonuses (Interview with Cairo-based Unionist). Workers recruited temporarily argued that management gave them false promises of job permanence, which fueled working-class resistance, as will be shown in the next chapter (Group Interview with Cement Industry Unionists; Interview with Unionist in a Billing Company). Temporary work also created divisions in the same factory between temporary and permanent workers, a strategy adopted by management to obstruct solidarity at the factory level. "You end up with 1000 permanent workers and 17,000 temporary workers. The two are doing the same job" (Interview with Cairo unionist).

For a while, awaiting the adoption of Law 12 of 2003, early retirement schemes and temporary work contracts circumvented what the international financial institutions and the business community deemed "rigid" labor standards. Many unionists and activists described the 2003 law as the "businessmen law," since it formalized arbitrary dismissals and shielded employers from any punitive measures in cases of wrongdoings. The law legalized indefinitely renewable fixed-term contracts, putting workers in a limbo situation that left them always at the mercy of the employer to renew their contracts (Abdelrahman 2015). Workers were hired for a three-month probationary period during which the employer could declare the termination of work at any time. What is more, the 2003 law allowed punitive measures

[39] See the following article on Temporary Agencies in Egypt: http://albedaiah.com/news/2016/08/15/118944

against activist workers. An employer could legally dismiss a worker caught up "collecting money, distributing publications, collecting signatures or organizing for meetings." The law also did not enforce any measures against an employer who violated occupational safety.[40] It gave legal coverage to deindustrialization by enabling the employer to define investment priorities and close the factory if he deemed it necessary.[41]

In return for driving workers' conditions in a brutal race to the bottom, the law recognized and regulated for the first time collective bargaining procedures and the right to strike. However, it placed all pertinent decisions on these fronts in the hands of the corporatist federation, with the latter being depicted by workers as a collaborator with the business community and the neoliberal ruling elites (Interview with Alexandria Unionist; Cairo Unionist). The tightening of the corporatist grip over the working class was vital for the Mubarak regime to overcome the GEFTU opposition to the 2003 labor law. On the right to strike, the law imposed insurmountable conditionality to meet its requirements for a strike, including a 2/3 majority vote of the corporatist federation and a notification from the employer and administrative authority. In other words, it required approval from the same actors who have the highest stakes in breaking a strike: the employer and the corporatist federation. The law also prohibited strikes in "strategic establishments," politicizing the strikes and leaving the final decision for the prime minister. It, therefore, gave more leverage to employers to use this legal ambiguity to their advantage and dismiss workers under the pretense that strikes were held in "strategic establishments." Law 12 of 2003 fomented legal fragmentation among the working class to shield the Mubarak regime from pressure (Interview with Labor Journalist 2). The law regulated the private sector and the "public business sector" created in the wake of privatization, while public sector employees and civil servants were regulated by another set of laws (Law 2/1978 and Law 4/1978 respectively).

This fragmentation was reflected in a critical demand for the working class: the national minimum wage. The minimum wage is one of the most complex issues in Egypt. First of all, the national minimum wage only applies to the public sector. The president set the minimum wage at 35 EGP (equivalent to 5 USD per month) before signing the 1991 ERSAP agreement (Omar and Abdelatif 2012). The actual minimum wage in the public sector has been frozen since then, and supplemented by yearly bonuses (Posnuey 1997, 141). By 2009, "there were more than 40 different laws and 55 decrees regulating the public sector pay system," creating disparities across different sectors of the economy (Abdelhamid and

[40] See the Revolutionary Socialists: http://revsoc.me/publications/34611/34644/

[41] Article 196 paved the way for a businessman to close partially or entirely a workplace provided that "they include the reasons for the closure and the number of workers to be laid off."

Baradei 2010, 5). With the neoliberal turn, the expression of the minimum wage as a percentage of per capita GDP was one of the lowest in the world, decreasing "from 60% in 1984 to 19.4% in 1991/92 and further to 13% in 2007" (Hanieh 2011, 13).

The attack on wages and work conditions was paired with tax policies that generated revenues from Egypt's lower- and middle-income earners, while protecting the interests of the business community and the upper classes. The GST and personal income tax combined constitute the primary source of revenue for the state. While the Egyptian government projected GST as indiscriminate, it was the lower classes that bore the brunt of the sales tax (Sulaymān 2011, 110). In a similar vein, income tax constituted 48% of tax revenues for 2007/2008. A 2005 reform reduced the "tax for the higher income bracket from 32% to 20%" (Hanieh 2011, 13). To further appeal to the upper classes, the Egyptian government generated only 1.5% of tax revenues from property tax. Likewise, under the logic of improving Egypt's competitiveness in the international market, a flat corporate tax rate of 20% was introduced in 2005 (Hanieh 2011, 13). The low price was defended on the basis that previous tax rates were too high (32% and 40%) and encouraged tax evasion, which incurred losses for the public treasury (Sulaymān 2011, 116).

Another strategy aimed at extracting income from the poor, the middle class, and the working class to reallocate it to the rich and wealthy manifested itself in the subsidy policy. Under Nazif, bread subsidies were slashed from a high of 55.8% in 2003 to 11.4% in 2005/2006 (Annex). While reducing bread subsidies, Mubarak increased fuel subsidies to the benefit of the industrial sector (Annex). In 2007, "45 factories received up to 65 % of the total energy subsidies allocated for the industrial sector, which constituted around 25 % of the total energy subsidy" (Adly 2014, 4). Rolling back subsidies was paired with freezing public spending on health, education, and public housing (Annex; Cammett et.al 2015, 69). At the same time, the quality of public services deteriorated, inviting an expansion of the private sector. With the erosion of wages, the majority of Egyptians but especially the poor and the working class were unable to access the quality education and healthcare provided by the private sector (Interview with Suez Unionist, Alexandria Unionist).[42]

Two decades of neoliberal reform created social and economic disparities. An increasing number of Egypt's "nouveau riche" and businessmen lived in gated communities while informal settlements expanded. By 2008, Egypt's slum population reached 60% (Sabry 2008). Low wages and high levels of unemployment, cutting public spending, and starving

[42] http://ecesr.org/en/2013/09/11/health-right-to-health-crisis-path-to-solution/

the education and health sectors of funding drove Egyptians into poverty. A relentless race to the bottom exacerbated the situation of the rural and urban working class. With the state's strategy of downsizing the public sector and curbing public spending, those who were lucky enough to earn a permanent job turned it into private property (Obeid 2012). For the majority of Egyptians, work became ever more flexible and precarious.

2.5 Conclusion

In this chapter, I traced Egypt's capitalist transformation. In Egypt, the populist regime that emerged under Nasser was a function of a state-led industrialization. When the model reached its limits, it became necessary for Nasser's successor to dismantle populism and replace it with a post-populist presidency that centralized decision-making in the hands of the executive to oversee Egypt's economic liberalization and neo-liberalization. However, Sadat inherited a wide range of challenges. First of all, while he dismantled Nasser's foreign and economic policies, he could not easily deal with the resistance of public-sector employees and the state bureaucracy that had expanded under Nasser's state-led industrialization. Secondly, the resistance from these sectors invited him to deepen the rentier aspect of the economy, which then also became governed by regional and international stability. Sadat brought Egypt back full circle to the dependency that had preceded the 1952 coup and expanded Egypt's public debt. Mubarak inherited these dilemmas and pursued a slow-paced implementation of neoliberal reforms. Mubarak's authoritarianism was deeply embedded in a neoliberal model. This chapter confirmed Hanieh's (2011) thesis that Mubarak's authoritarianism served to enforce a model that kept large sectors of the Egyptian population in poverty and deprivation while benefiting a small circle of neoliberal businessmen and senior military officers. As will be shown in the next chapter, these policies would create avenues for the delegitimization of his rule from below. I have also shown that in Egypt, the conditions pertaining to the schisms between the state-dependent business community and the military were present under Mubarak. However, these divisions were not conducive to enabling a transition to civilian rule for several reasons. The first relates to the state-dependent business community, which remained committed to defending Mubarak's regime. The Egyptian business community was not antagonized by Mubarak's policies in the way that the local business community was antagonized by the military in Brazil. The second factor related to the military, which had equally benefited from Mubarak's policies but had an eye on preserving a regime that would extend its economic and foreign policy interests. This entailed that the military remained

committed to keeping Egypt under the US' influence and to maintaining neoliberalism while reaping its benefits. Hence, a transition to civilian rule that could promise to tip the balance of class power in favor of the subordinate classes was inconceivable for the military. Furthermore, these military interests that were clearly opposed to enabling a transition to civilian rule were shielded from citizens, and the military received support from the population. As a result, it was Mubarak and his cronies who were blamed for corruption and failed economic policies, while the military was totally shielded from public scrutiny.

Chapter 3: Resisting Mubarak's Neoliberal Authoritarianism: Class Mobilization under Mubarak and the 2011 Revolution

3.1 Introduction

In Chapter 2, I traced the shift in Egyptian regime structure to a neoliberal police state that became subservient to American imperialism. This chapter argues that the January 25, 2011 revolution did not happen in a vacuum. Rather, the chapter embeds the 2011 revolution in the class struggle that took shape during the three decades of Mubarak's neoliberalism. Here, I illustrate the second step in this dissertation: linking mass mobilization, class organization, and inter-class alliances to the pressure for democracy. The existing literature on social class mobilization in Egypt under Mubarak's term has mostly focused on working-class mobilization with some (Beinin 2016) making the argument that workers were not the ones responsible for bringing about a revolutionary crisis; others (Obeid 2012; Adly and Ramadan 2015) have emphasized the protagonist role of the workers, arguing that they are the "social soul" of the revolution, with workers' participation initiating the demands for "Bread, Freedom and Social Justice" (A. Alexander and Bassiouny 2014). Still others focused on the ways in which the working class shifted from defending populism toward forging a new identity born from their struggles under neoliberal authoritarianism, assuming greater hostility and combativeness toward capital and the state (El Mahdi 2011). Some have moved beyond the focus on the formal working class to account for the varieties of social and political mobilization under Mubarak's rule (Abdelrahman 2015). While this literature points to the absence of movement formation, it does not provide an explanation as into why inter-class alliances failed to materialize; instead, it focuses on the divisions between the liberals and the Islamists and how such divisions impeded prospects for unity and democratization (Ibid).

This chapter borrows from this rich literature, but it moves away from it in several ways. I argue that, in the Egyptian case, a horizontal, grassroots spread of labor action and mobilization from the bottom became defiant to the regime's economic interests and ideological hegemony. The horizontal spread of workers' mobilization and the contestation among peasants and urban subalterns challenged the hierarchical structures of the ruling party, the corporatist federation, and the regime's pact with the business community. Workers' strikes inspired strikes and mass mobilization among the state-dependent middle class (civil servants), the residents of the urban peripheries, and the peasants, who mobilized against their dispossession under neoliberalism and police brutality. As workers challenged

Mubarak's neoliberalism, they tore down the corporatist structure that had kept them under tight control for decades. Furthermore, the emergence of workplace committees and in some cases of independent unions contributed to forging horizontal ties between workers and imposed the working class as a bargaining partner on the business community.

In Egypt, inter-class alliances were not totally absent, but they were relatively weak and did not culminate with workers, peasants, and urban subalterns viewing their struggles against processes of dispossession as historically connected, a pre-requisite for them to be able to articulate an alternative agenda to authoritarian neoliberalism. My focus in this chapter is less on the divisions between the Islamists, the liberals, and secular voices, which has captured the interest of media circles and the scholarly community. My interest, instead, is in explaining why inter-class alliances did not reach the level of becoming defiant enough to the regime in place. I argue that there are two main factors that explain this gap. First of all, as I argued in Chapters 1 and 2, the regime in Egypt was not committed to democratization. Rather, Mubarak upgraded his authoritarian rule and prepared his son to inherit his position, which left no room for workers, peasants, or subaltern classes to hone their political skills and to pursue the politicization of their struggles. Secondly, I argued that in the context of authoritarian regimes, organized religious groups can play an important mediating role and can provide alternative avenues for mobilization and organization. In Egypt, the largest and most influential religious organization, the Muslim Brotherhood (MB), did not play a role in mobilizing the subordinate classes along class lines and kept the poor and the working class tied to its Islamic agenda. Moreover, as I will show, the few civil society organizations, NGOs in particular, and the political parties that were allowed to exist under neoliberal authoritarianism could not fill the vacuum of alternative pro-poor and pro-labor organizing.

This chapter contributes to the RSS (1992) arguments on capitalist development and democracy, pertaining specifically to the question of the contradictions under capitalism that usher in mass labor organizing and that in turn apply pressure for democracy. While still accounting for a central contradiction upon which the RSS (1992) literature on capital and labor is founded, it complements this contradiction with a reading of accumulation by dispossession under neoliberalism and the struggles born from this process (Harvey 2014; 2003). While workers were struggling against the assault on wages, work stability and the privatization of their factories, the peasants and the urban subalterns paid with blood as they contested the processes of accumulation by dispossession. As neoliberal authoritarianism could not exist without the expansion and deepening of the police state, the struggles led by Egypt's urban subalterns, the peasants, and the working class were also crucial for

challenging the assault on their civil and political rights and the fear instilled by the regime. One is reminded that the 2011 revolution took place on Police Day and raised the slogan of *Karama* (dignity), demanding a restoration of the dignity of citizens assaulted and humiliated by the security forces. I have argued in Chapter 2 that Egypt's subservience to American imperialism was a necessary prerequisite for the implementation of neoliberal policies. As a result, the struggles of the independent middle class (students, intellectuals, political activists, etc.) who started to rise against Mubarak's foreign and domestic policies also contributed to the wider struggles that delegitimized his authoritarian neoliberalism and paved the way for more audacious working-class confrontation in the last years of his rule. Only a reading rooted in the horizontal spread of these struggles can offer a full understanding of the protagonists of the 2011 revolution. The chapter illustrates these arguments by focusing on the transformation of corporatism under Mubarak. It then moves to the class struggles under Mubarak's regime to finally address subordinate-class participation during the 18-Day Revolt that began on January 25, 2011. The last section is the conclusion.

3.2 Corporatism under Mubarak: The Union Arm of Mubarak's Neoliberalism

I argue in this section that the Mubarak regime, like its predecessor, maintained the union hierarchy intact but coopted the union leaders and incorporated them into the neoliberal economy. The GETUF, which had been previously the strongest bastion of statism, had been gradually transformed into Mubarak's union arm, giving the semblance that the only federation in Egypt, representing the entirety of the working class, supported his neoliberal policies. The regime strategies (manipulating union elections and coopting the top leadership, tying them to the NDP, and incorporating them in the neoliberal economy, all while criminalizing and silencing all non-NDP affiliates) were aimed at insulating the regime from working-class resistance to neoliberal reforms. The strategies also closed the door to those who wanted to transform the union structure from the bottom up, making it harder for those militant unionists who opposed Mubarak's neoliberalism to promote an alternative identity from within the union structure. It was because of such regime strategies that anti-corporatist labor organizing that working-class resistance came about from outside of the corporatist structure. These forms of anti-corporatist organizing, as will be discussed in the following section, took the shape of factory committees that marginalized the coopted and ineffective corporatist unions and imposed workers as bargaining partners on the business community. Another form of alternative organizing was the independent unions; however, the latter were

not as pervasive, nor were they representative of the entirety of the working class. They remained much more confined to few work categories among civil servants. The following section pays attention to Mubarak's strategies for unionism to transform the corporatist structure into the union arm of neoliberalism. The section also pays attention to the limits of these strategies and the way they became vulnerable to transformation.

Mubarak, like Sadat, was aware of the necessity of securing a loyal union membership to support both his electoral campaigns and his neoliberal agenda. To this end, union elections were held, but were manipulated by the regime. Purging the federation of Nasserites and leftists in the previous years had not eliminated the regime's fears that they would re-conquer the union hierarchy from below (Posusney 1997). In fact, the first few years of Mubarak's rule were marked by a liberalization of the political realm, allowing for a freer atmosphere for union elections. This political liberalization strategy was in line with his policies of economic liberalization. However, the consequences of liberalization were dire. As soon as elections were held, the local levels witnessed an unprecedented turnover (almost 50% in 1987), with leftists fielding 400 contestants and almost half of them winning seats in the 1987 union elections (Ibid, 123). As the freer union elections coincided with the renewed working-class militancy and mobilization discussed below, the Mubarak regime became aware of the necessity of tightening the regime's grip over the electoral process and of thereby making it almost impossible for any candidate who was not directly affiliated with the ruling party to run for union elections at the local level, closing the door to a reconquest of the union hierarchy from below. Furthermore, as per article 19 of the 1995 trade union law,[43] anyone who had been convicted of a crime or arrested could not run for election, which automatically undermined the capacity of any activist, in particular leftist unionists and Nasserites, many of whom had been given prison sentences previously based on their political identity or activism.

Even in the cases where the candidates were not stripped of their civil and political rights, the regime imposed insurmountable constraints on their capacity to run for union elections if they were not clearly affiliated with the ruling party. For any candidate to be able to run for union elections, he had to complete a year of union membership. Otherwise, he was immediately excluded. For those who had been members for at least a year, the process of getting their membership document from the federation's central headquarters in Cairo posed

[43] The trade union law that governed their operations was first Law 35 of 1976, promulgated under Sadat, but it was amended under Mubarak to become Law 1995. See the ILO: https://www.ilo.org/dyn/natlex/natlex4.detail?p_lang=en&p_isn=13925 (Accessed January 2018). For the Arabic text of Trade Union Law 1995 see: https://www.aljazeera.net/specialfiles/pages/536961d8-8f73-4687-9c7e-3de45711cd70 (Accessed January 2018)

a severe strain on their work. Workers outside Cairo were forced to seek permission to sacrifice a workday to obtain the document (Beinin et al. 2010). To silence opposition leaders, GETUF leadership, in alliance with the security forces, exerted pressure on the federations to withhold the abovementioned document for workers deemed “subversives” (Barakat and Ali 2003). The highest echelon of the union hierarchy, which was also totally subservient to Mubarak, thus played a direct role in deterring people from running for union elections.

Furthermore, the GETUF leadership silenced militant candidates whenever they challenged their control over the union structure. When a unionist in the Ministry of Manpower in Giza gathered the highest number of votes in the 2006 local elections and subsequently demanded an equalization of pay for all ministry employees in all provinces, the GETUF leadership froze her membership (Interview with Giza unionist; A. Alexander and Bassiouny 2014). The federation accused her of destabilizing the public order and of inciting workers to protest (Interview with Giza Unionist). A similar case transpired in the Suez Shipment facility. The leader at the facility level remained loyal and close to the rank-and-file, which in turn triggered the anxiety of the GETUF. As was the case for other opposition leaders, the GETUF higher management intimidated him and made sure that he would never make it to the upper echelons of the GETUF hierarchy (Interview with Suez Unionist).

With this heavy interference in union elections, the pro-Mubarak candidates ran on slates facing almost with no opposition; union elections were thus completely stripped of their competitive content, giving way to “elections by acclamation.” In other words, candidates loyal to the regime were declared victorious, since they were the only candidates running for their position as a result of the high levels of government meddling in union affairs. In 2006, “out of 1,805 local union committees, 805 were elected by acclamation […] the executive boards of 15 out of 23 general unions (federations) were chosen by acclamation. The 23 members of the GETUF executive committee were elected by acclamation” (Beinin et al. 2010, 30).

As of the mid 2000s, the judiciary started to side with the working class to expose the corruption and violations at the level of union elections. Judicial activism was able to annul the 2006 GETUF union elections, since, by virtue of Article 31 of the 1995 trade union law, the judges were tasked with overseeing the electoral process. Labor lawyers from the pro-labor civil society organizations ECESR (Egyptian Center for Social and Economic Rights) and the Hisham Mubarak foundation, supported by the judges, opened court cases to annul the results of the 2006 elections. Ultimately, the Supreme Administrative Court ruled that the 2006 elections were rigged, given that the GETUF had prohibited more than 20,000

candidates from running for union elections for political reasons (Interview with Labor Journalist 2). Some observed that "it was only because he was an Islamist or because he was a leftist or even if he was from another right-wing party, basically that he was not an NDP member, he was automatically excluded" (Ibid). The court's decision empowered the working class, who were being antagonized by their feelings of marginalization from social and political life. As one of my interviewees argued, "they made workers feel that elected elites, whether in the GETUF or the parliament, are not their representatives" (Interview with Labor Journalist 2).

After closing the door to union opposition from within the GETUF structure, the GETUF itself was held hostage by regime loyalists, who made sure that the confederation acted as the regime's union arm. Regime loyalists balked at the working-class agenda, spied on and reported militant workers to the security forces, and demobilized the working class whenever they challenged Mubarak's neoliberal policies (Interviews with Suez unionist, Labor Lawyer, Journalist 2). Under Mubarak, the fusion between the ruling party and the GETUF board of directors was complete. One way in which the regime distanced the top leadership and in particular the administrative board of the confederation from the rank and file was by extending the political clout of high-ranking union leaders affiliated with the NDP. By 2004, 21 out of the 23 members of the confederation's highest-ranking level were also NDP members (Marfleet 2009, 28). They ran for parliamentary elections on NDP lists, and controlled the workers' seats in the parliament as well as critical parliamentary committees (Alexander and Bassiouny 2014; Marfleet 2009). To further tighten their grip over the GETUF hierarchy, the 1995 trade union law prolonged the administrative committee's term from four to five years (Alexander and Bassiouny 2014, 133).

As this fusion between the ruling party and the top union leadership was made complete and as the regime devised strategies to further coopt union bureaucracy, regime loyalists would act as the conduit for Mubarak's neoliberal project, supporting rather than opposing the neoliberal attack on the working class and their rights. For example, Mubarak mobilized the corporatist federation to silence any forms of resistance to Law 203/1991. GETUF members not affiliated with the NDP started to think of ways to mobilize against the law and called for a meeting on GETUF premises. The GETUF board responded by calling upon the security forces to pressure the invitees to leave and immediately declared the meeting illegal(Beinin 2016, 63). The then-president of the GEFTU was quick to claim, on behalf of the workers, that the entirety of Egypt's working class was supportive of privatization schemes (Ibid, 43-44). The combination of these internal and external

constraints impeded prospects for spreading the strikes horizontally and delegitimizing the regime.

Material rewards and the incorporation of the top union leaders in the neoliberal economy were other critical strategies adopted by Mubarak to ensure their total cooptation. Senior union leaders were turned into an elite class of a union bureaucracy that was handsomely rewarded by the Mubarak regime and that reaped the benefits of a neoliberal economy. For those who were "sitting on the company's boards, they could earn up to 30 000 EGP a month, a salary beyond the dreams of any Egyptian" (Marfleet 2009, 28). Furthermore, as Law 12 of 1995 continued to transfer large amounts of union dues from the local unions to the federations and the executive committee,[44] the Mubarak regime paved the way for the GETUF leadership to use the union dues to expand their businesses and economic ventures (Interview with Cairo unionist; Smet 2015; Posnusey 1997, 117). The GETUF managed social centers with 56 branches in 9 provinces and was sitting on the boards of several recreational and touristic projects. They also owned a bank, the Workers' Bank, created in January 1983 with capital of 50 million EGP provided by union dues. Furthermore, the GETUF presided over large pension funds and owned cars and real estate (Barakat and Ali 2003, 19-20). However, only the top leadership reaped the benefits of the economic expansion of the GETUF under neoliberalism (Interview with Cairo unionist).

While electoral engineering reproduced regime loyalists who were deemed by many critics the representatives of the Mubarak regime, the 1995 trade union law and the 2003 labor law entrenched the GETUF's grip on the working class. Article 14 of the 1995 trade union law and Article 153 of the 2003 labor law delegated to the second level of the hierarchy - the federations or the general unions - the capacity to negotiate on behalf of all workers, conclude all collective agreements, and solve all disputes.[45] The local unions, particularly the factory and workplace unions, remained the closest to the rank and file, but they were deprived of their capacity to politicize labor demands (Interview with Labor Lawyer; A. Alexander and Bassiouny 2014, 143). A local union could not negotiate any collective agreements without the approval of the federation. Dispensing union dues was only geared toward social and administrative affairs and was conditional on the approval of the federation. This situation left the local unions unable to support the politicization of working-class demands or strikes

[44] I have discussed in Chapter 2 that 10% of the union dues collected by the local unions were transferred to the confederation and 25% to the federation. This provision remained intact as per the 1995 law.

[45] Article 8 of Trade Union Law 12 of 1995 reads: "The trade union organization may establish savings or fellowship funds or funds to finance cultural and social activities to compensate workers in cases where there is a financial burden under the Labor Law. It may establish sports clubs and resorts and participate in the formation of cooperative societies. To achieve its objectives, it may invest its funds in safe investment by the rules determined by the Financial Regulations of the trade union organizations." Article 180 of the labor law discusses the process of arbitration that was placed under the control of the confederation or the federation.

(Articles 12 and 14 of the 1995 trade union law). Hence, as some argued, their "role was limited to expressing their opinions on certain matters such as setting up disputes on an individual or collective level and generating reports to general unions" (Interview with Labor Lawyer).

I argue that while Mubarak blended corporatism and repression to control the working class, his strategies were ultimately challenged by the same neoliberal policies that he had forcefully implemented. The effects of neoliberal restructuring on GETUF affiliations and membership were dire. GETUF lost its members to arbitrary dismissals, early retirement schemes, and a non-unionized private sector (A. Alexander and Bassiouny 2014, 217). The confederation was and remains absent from the new industrial zones, which included more than 1200 industries in the 10th of Ramadan industrial city and another 900 industries in the 6th of October industrial city (LCHR 2010). Moreover, the trade union law stipulated that workers were entitled to create unions only if the workforce exceeded 50 workers at the workplace. However, "98% of the workplaces are in the private sector which employs 15 workers or less" (Obeid 2012, 207).

Mubarak's neoliberalism was synonymous with the expansion of the informal sector. Amid high levels of unemployment, this sector grew exponentially and the corporatist federation could no longer claim representation of the large majority of the Egyptian workforce. Consequently, this regime strategy freed workers from the corporatist grip (Abdelrahman 2015), paving the way for workers to break it, mobilize outside of the official union structure, and eventually weaken its representative and bargaining capacity. As a wave of wildcat strikes hit different sectors of the economy under the last cabinet of Ahmad Nazif, businessmen negotiated with the factory committees that had imposed themselves as the representatives of the workers at the shop floor level and were held accountable by the rank and file. The informal bargaining process challenged the GETUF monopoly over the bargaining process, ultimately weakening its bargaining position to the advantage of grassroots activists. Moreover, Mubarak's strategy of coopting the corporatist confederation by tying the top members of the union hierarchy to the NDP opened the confederation to public scrutiny in the wake of the 2011 revolution. The high-ranking GETUF unionists were NDP members who came under attack, facing corruption charges like the pro-Mubarak neoliberal business elites, which contributed to further delegitimizing the GETUF and weakening its capacity to claim the representation of the working class and its agenda.

3.3 Social and Political Mobilization Delegitimize Mubarak’s Neoliberal Authoritarianism

As argued in Chapter 2, the negotiation and implementation of neoliberal reforms took shape gradually under four prime ministers. Atef Sedky (1986-1996) facilitated the negotiation of the ERSAP agreement and oversaw its early implementation, with early attempts at cutting wages for public sector employees and rolling back some of the privileges conferred especially to this sector. At the level of mobilization, Sedky’s term was marked by public sector employees mobilizing to restore the Nasserite pact despite high levels of repression. Kamal Al Ghanzoury’s term (1996-1999) brought changes to investment laws, introduced early retirement schemes, and oversaw the privatization of a large number of SOEs (Joya 2013; Khalil 2011). As a result of such policies, the number of strikes that were defensive in nature started to rise and to include the more precarious private sector. The breadth of labor mobilization also reached rural areas with the 1997 peasant mobilization. However, both rural and urban workers were met with an iron fist, which impeded their capacity to continue their mobilization. Atef Ebeid (1999-2004), whose term was marked by the rise of political opposition to Mubarak's foreign and domestic policies in the wake of the 2003 war on Iraq and the 2000 Palestinian Intifada, was forced to slow down the pace of neoliberal reforms. The businessmen in Ahmad Nazif’s (2004-2011) cabinet oversaw an aggressive attack on the public sector and workers' rights. His term was synonymous with the most significant wave of privatization, as well as with rising unemployment, labor market deregulation, the amending of taxation laws, and the rolling back of state subsidies aimed at the poor and lower-income workers. The Nazif years witnessed the deepening of neoliberal reforms and consequently the largest wave of workers’ strikes. The Nazif years were also synonymous with the relaxation of repression, with the business community rising to political power and introducing negotiation and bargaining rather than repression. The following section analyses the class struggles under Mubarak’s long rule, dividing them chronologically over the abovementioned four distinct periods. The chronological-historical approach facilitates the reference to the previous chapter and invites a better assessment of how economic policies shaped class organizing under each prime minister.

I argue in this section that the confrontation between workers, peasants, and urban subalterns changed their perceptions of the regime. While in the first few years under Mubarak the working class was pleading with the state, it would move under the second prime minister to a more confrontational approach toward both the Mubarak regime and

capital. A similar scenario transpired in the countryside, where peasants paid with blood as they resisted their dispossession. Although peasants, workers, and urban subalterns bore the brunt of repression, they would continue to pursue their struggles. As they did so, they exposed regime brutality, which fueled the anger of the Egyptian streets in 2011. Furthermore, as workers mobilized at the workplace level, they started to challenge the symbols of the regime and its pact with the business community. They challenged the corporatist structure, which acted as the union arm of the Mubarak regime and exposed the regime's pact with the business community, which excluded and marginalized the majority of the Egyptian population to deepen neoliberalism. I argue that the formal working class' mobilization inspired the state-created middle class to start contesting Mubarak's neoliberalism. As such, the formal working class contributed to widening the array of oppositional social classes against Mubarak' authoritarianism and to delegitimizing his rule. I argue, here as in the introduction, that inter-class alliances were not forthcoming in the case of Egypt largely due to the weakness and unwillingness of the existing organizations to play a mediating role for such alliances to take place.

3.3.1 Working-Class Mobilization in the Public Sector, and the Security Apparatus: Struggles under Atef Sedky (1984-1991)

In this section, I trace the forms of working-class mobilization under the first Prime Minister, Atef Sedky. Workers rose defiantly and broke fear barriers despite the fact that Mubarak had put the country under emergency law. I argue that factors relating to the nature of working-class demands and their strike strategies, as well as external factors such as the willingness of the regime to use outright repression, impeded workers' capacity to sustain their strikes and to challenge the regime. Firstly, the nature of the strikes is an important indicator of whether workers were contesting the hegemony of the regime or not. Defensive strikes in the public sector marked labor militancy during this early period of time. Workers sought to restore previous entitlements that had been conferred upon the working class under populism, rather than to conquer new rights such as the improvement of working conditions. At the symbolic level, the defensive strikes did not challenge the Mubarak regime. In most instances, with the exception of the Mahallat Strike, workers continued to plead with the state and continued to view themselves as partners to the state in the production process. Equally importantly, the regime had no qualms about repressing and coopting the working class, which undermined prospects for sustaining the strikes and for spreading mass mobilization across different work categories. The absence of this horizontal occurrence of strikes

undermined working-class capacity to delegitimize the regime. Thirdly, the state coopted the working class by providing material incentives for the strategic steel industry, and incorporated the working class into the privatization process to ward off challenges to its neoliberal agenda. In sum, the combination of internal factors specific to the working class proper and these external factors impeded prospects for the working class to contest Mubarak's neoliberal authoritarianism at this early stage.

During Sedky's term, working-class mobilization against the Mubarak regime took root well before the signing of ERSAP. The reinvigoration of the 1981 emergency law did not prevent the working class from pursuing their struggles. While it is hard to determine the exact number of strikes given a media blackout at the time, Beinin (2016) estimated that there were 33 strikes per year between 1984 and 1994, which is significant given that workers had been previously demobilized for years by corporatism and repression (Beinin 2016, 43).

Between 1984 and the early 1990s, workers in the public and traditional sectors of the textile, railway transportation, and steel industries pioneered labor militancy. The private sector was both less organized and more precarious, which discouraged private-sector workers from initiating strikes. As a result, it was the workers in the public sector who emerged at the forefront of the struggle when they protested the 1984 law, which increased their contribution to pension funds (Posnusey 1997; Beinin 2016). The most significant forms of labor organizing were in the textile industry of Kafr al Dawwar. There, the protests took the form of a local uprising mobilizing workers and their local communities. Residents joined the workers' protests; provided food assistance for striking workers, thereby helping to sustain their strike; confronted the police; and "blocked roads and cut telephone lines" (Beinin 2009 a, 72; Posnusey 1997). Another wave of labor action followed the refusal by SOE-management to implement Law 137/1981, which stipulated workers' entitlement to a weekly paid holiday (Ibid). When inflation reached a high of 26% in 1986,[46] consuming most of their wages, workers demanded an increase in incentives (a percentage increase of the salary determined by management) (Assafir 1984, 1986, 1987, 1989, Beinin 2016, 45-46; Obeid 2012).

The turning point in this cycle of labor mobilization was the eruption of a wave of strikes in the strategic textile industry of Mahallat al Kubrat. The 1986 strike demanded a 30-day monthly wage rather than the current 26-day wage. 95 workers were jailed for participating in the strike. In 1988, the government canceled school allowances, a periodic

bonus at the beginning of the school year, thereby igniting another wave of strikes in Mahallat that lasted for three days. Mahallat workers were the first to come up with the slogan "Down with Hosni Mubarak," and walked out carrying a coffin wrapped in a black flag and topped by Mubarak's picture (Al Jazeera English 2012). To preempt a radicalization of streets, the regime responded with a media blackout and the jailing of some strike leaders and the transfer of others to other industries (Ibid).

A year after Mahallat, another strike shook the strategic EISCO steel company . The company occupied a crucial symbolic position for consecutive presidents, including Mubarak, who "vetoed its privatization and restructured parts of it" (Obeid 2012, 16). Initially, workers demanded a meal allowance and the betterment of incentives, but the list of demands expanded to include dissolving the local union, which refused to side with the workers and endorse their demands.[47] Workers retaliated by closing the factory when they were met with the government's refusal to implement their demands. On the morning of the same day as the closure, the police raided the factory and fired rubber bullets and gas bombs. They killed one worker, wounded 100 others, and arrested 200 (Obeid 2012, Beinin 2011).

The timing of the strike, along with the location of EISCO in the middle of the strategic Helwan industrial region, risked radicalizing the working class and undermining the implementation of neoliberal reforms. Besides repression, Mubarak coopted EISCO workers by increasing their "salaries by tenfold between 1989 and 2009 […] By 2009 workers were earning fourteen months' worth of fixed-base wages in bonus pay" (Obeid 2012, 26). The old generation of EISCO workers enjoyed tenured jobs that they passed to their children. This led to the bureaucratization of some of Egypt's most militant industrial workers (Ibid; Interview with Political Economist 2). As Obeid has eloquently argued, "under neo-liberalism, permanent work contracts […] acted as a potential property right that transformed a group of militant workers into a privileged group and set their interests against the rest of the working class outside the plant" (Obeid 2012, 3).

Mubarak also pushed EISCO's militant leaders away from the plant and into the arms of the NGO community. Kamal Abbas, one of the leading figures in the EISCO strike, was pursued, jailed, and tortured by the security apparatus. He abandoned labor activism at the industry level to establish, with a leftist labor lawyer, the Center for Trade Union and Workers' Rights (CTUWS) (Beinin 2016, 47).[48] The CTUWS sought to overcome the corporatist siege imposed by the GEFTU, but over the years, as will be shown in the next

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[48] On the Center for Trade Union and Workers' Rights see their official website : http://www.ctuws.com/en/content/about-ctuws

chapter, Abbas was transformed from a "proponent of revolutionary politics to a supporter of democratic trade unionism" (Ibid).

The question in theoretical terms remains why the workers' strikes at this stage failed to challenge Mubarak's neoliberal authoritarian rule. To start with, the workplace strikes were not linked to broader mass strikes that could have impeded the early implementation of neoliberal reforms. The repressive apparatus, along with the corporatist structure, impeded prospects for resisting the neoliberal reforms, as will be argued. Furthermore, the workplace strikes led by public sector employees were not resisting the neoliberal reforms; rather, they sought to restore the Nasserite pact (Interview with Political Economist 2). At the heart of this populist pact was that workers would eschew class conflict and preserve the working-class position as partners to the state in the production process. In turn, the state would reward the working class with equal treatment, and guarantees for a decent living wage and control over prices (Posnusey 1997, 128). This populist discourse, which projected workers as partners in the production process (Interview with Political Economist 2; Posnusey 1997, Smet 2015), was best internalized and reflected by workers in the cement industry, a member of which told me that

> The state did not pay a single penny to expand the lines of production in this factory. The workers did. We are requesting our reinstatement. With our fathers, we transformed this factory from one line of production to 5 lines of production. It is the workers and resources that lead to production. I am a partner in this (Interview with Alexandria Cement Workers).

However, as has been shown, the age of state-led industrialization under the auspices of a populist regime, which rested on this partnership between the state and the working class, was reversed by decades of liberalization under Mubarak and Sadat. Workers' demands, therefore, did not match the pace of economic reforms.

That workers under Sedky were still calling for a restoration of the populist pact is best captured by both the nature of their demands and the strike strategies they pursued. As illustrated above, most of the "demands revolved around regaining earnings that had been taken away from them, which contrasts with new or aggressive demands such as increments to the real minimum wage, improvement in work conditions that do not grow out of the comparison with the past" (Posnusey 1997, 128). Moreover, the internalization and the salience of the populist pact affected the way workers led their strikes. As workers depicted themselves as partners of the state in the production process, they did not pursue a work stoppage that would incur losses for the company; rather, they resorted to a "work-in,"

pursuing production but refusing to cash in their salaries (El Mahdi 2011; Smet 2015). In other words, workers did not contest the hegemony of the neoliberal state, and instead of treating the state as the enemy they continued with the tradition of appealing to the state to achieve immediate gains.

Challenging the regime proved to be costly for workers under Sedky. The Mubarak regime had no qualms about mobilizing corporatism, the state-owned media, and the security apparatus to criminalize and repress working-class opposition. For example, when the 1991 ERSAP agreement entered with vigor, Law 203/1991, which promised to privatize SOEs, was met with a near-absence of working-class mobilization. One explanation for this lack stems from the high levels of repression that workers had been experiencing since Mubarak's rise to power. As has been shown, workers paid with blood for demanding basic rights. Strikers were depicted by the regime and the state-owned media as the "domestic enemy," the "other," or "fanatics" destabilizing the country, which in turn legitimized the use of violence against them (Assafir 1984, 1986, 1987, 1989).[49] Strikes making simple demands such as meal and school allowances were met with tanks, tear gas, and police violence that killed, injured, and jailed workers. High levels of repression also undermined workers' capacity to maintain their strikes at the factory level and to solicit solidarity from their local community. For example, the aforementioned brutality in Kafr al Dawwar, Mahallat al Kubra, and EISCO sent the message to the working class that Mubarak would not tolerate labor resistance (Beinin 2016).

That high levels of repression impeded prospects for working-class mobilization against Law 203/1991 only partially accounts for regime strategies against working-class mobilization, however. Sedky's cabinet also devised clever strategies to co-opt the working class by incorporating them as shareholders in privatization schemes (See Chapter 2). For a while, this strategy guaranteed the quietism of the working class. As previously argued, Mubarak also mobilized the corporatist federation to silence any forms of resistance to Law 203/1991. The combination of cooptation and repression, along with the workers' strategy to plead with the state, undermined their capacity to resist neoliberal authoritarianism in the first few years under Sedky.

3.3.2 Private Sector, Peasants' and Citizens' Mobilizations against Accumulation by Dispossession: The Ghanzoury Years (1996-1999)

It is against this background that Prime Minister Ghanzoury assumed power, to preside over one of the most significant waves of privatization. Ghanzoury, who was formerly

[49] I have conducted an archival research of newspaper outlets and have traced that throughout this period of time the recurrent depiction of workers as

a proponent of state-led development, facilitated the privatization of 115 SOEs, compared to only 37 privatized under Sedky. During his mandate, he oversaw the implementation of the law pertaining to land reforms, discussed more fully in Chapter 2, and supervised early retirement schemes, reducing the working-class density at the workplace to make SOEs more attractive for investors and to pave the way for their privatization. I argue that Ghanzoury's mandate was marked by changes both in terms of introducing new actors to the wave of working-class militancy and in terms of pushing the prospects for a horizontal spread of class alliances. The commonality of dismissals, transfers, and unfulfilled promises, notably early retirement schemes, once again put workers on the defensive. However, this period was also marked by the rise of the more precarious private sector, which in turn started to change the face and the nature of labor strikes. Workers started to move away from the public sector's strategy of pleading with the state toward a more combative approach toward both the state and the business community.

However, while they were starting to organize, private-sector employees did not yet fully employ their capacity to defy the corporatist federation. A plausible explanation for the absence of more defiant forms of organizing lies in Timothy Mitchell's (1991) observation pertaining to the "ghost-like" effects of the state. As Mitchell argued, it is the disciplinary effects of state power that play "a more inhibiting role undermining more daring forms of labor organizing" (Mitchell 1991, 91).[50] Another factor that inhibited more daring forms of organizing is the fact that urban workers were not able to liaise with their fellow dispossessed peasants, who were left struggling on their own in the countryside. That a horizontal spread of urban strikes and peasant mobilization was met with the absence of inter-class alliance formation is the result of the absence of formal and informal organizing that could help in bridging the geographical gap. In fact, none of the existing parties or civil society organizations played any role in enabling the urban working class to create avenues for inter-class alliance formation or for the peasants and the workers to view their struggles as historically and politically constituted by the processes of accumulation by dispossession. The following section pays attention to such processes.

Aggressive privatization, insecurity at the workplace, unemployment, early retirement schemes, and arbitrary dismissals fueled working-class resistance under Ghanzoury (Beinin

[50] Mitchell writes that "disciplinary power works not from outside but from within, not at the level of an entire society but the level of detail, and not by contrasting individuals and their actions but by producing them. A negative exterior power gives way to internal, productive power. Disciplines work within local domains and institutions, entering into particular social processes, breaking them, down into separate functions, rearranging the parts, increasing their efficiency and precision and reassembling them into more productive and powerful combinations. These methods produce the organized power of armies, schools and factors and other distinctive institutions of modern nation states." (Mitchell 1991,91)

2009 a). Workers organized 115 and 164 strikes in 1998 and 1999 respectively, an increase by almost three-fold and five-fold compared to Sedky's term (LCHR 1998; 1999). With Ghanzoury, workers in the private and public business sectors, sectors that the state had created in preparation for the privatization of SOEs, pioneered working-class militancy, rather than workers in the public sector. A report published by the Land Center of Human Rights (LCHR) showed that wages and incentives topped the list of demands, a direct response to Mubarak's strategy, which rested upon fiercely attacking workers' wages to make Egypt more appealing for local and foreign investors, cutting financial losses by laying the financial burden on the working class. With the implementation of early retirement schemes, Ghanzoury's cabinet was slow processing the disbursement of retirement compensation, which in turn triggered working-class mobilization.[51]

Workers were thrown on the defensive, resisting their arbitrary dismissals, the punitive transfer of workers to other factories, and the liquidation of factories. Throughout, they became more aware of the confederation's complicity with the regime and were increasingly disenchanted with the performance of their factory/workplace unions as they became aware of the impotence of the latter at a time when neoliberal reforms were deepening. As a result, instead of demanding the resignation of local union committees, the workers started to demand autonomous union organizing. The rise of the more precarious but less organized private sector also ushered in a move away from labor strikes, which had previously been a domain reserved for the slightly more privileged public sector, and consequently a more serious confrontation with capital. Workers no longer viewed themselves as partners in the production process, but rather as being exploited by the business community. During this period, repression did not subside and the regime did not exhibit any tolerance to working-class strikes. For example, in 1998, security forces arrested several microbus drivers and stopped a strike that they had tried to organize (LCHR 1998).[52] The combination of deepening neoliberal reforms and repression put the working class further on the defensive. While the working class changed its strategies, seeing the state and capital as enemies rather than allies to the workers, the working class was still agitating to defend its basic rights amid the state's commitment to driving workers' conditions in a race to the bottom.

Aside from the formal working-class mobilization, Ghanzoury's term witnessed the emergence of peasants' protests. In 1997, the Tenancy Law discussed in Chapter 2 entered

[51] On the Shubra al Khaima waves of labor strikes, see http://revsoc.me/workers-farmers/ml-shbr-lkhym-fy-qlb-lhrk-lmly/

[52] LCHR: http://www.lchr-eg.org/archive/77/77-17.htm

into effect, to which peasants responded by sending petitions to the government and protesting its implementation. Peasants were also protesting to access land and water (Bush and Ayeb 2014; Abdelrahman 2015, 66-67). They faced prison sentences when they were unable to pay interest on agricultural loans.[53] As was the case for the urban working class, they were met with brutal repression, including "detentions and torture in police stations, forced evictions and mass punishments of whole villages and families of protestors" (Abdelrahman 2015, 66-67). In that same year, 119 peasants were killed, and 846 were injured (Bush 2007, 1606).

In the following year, citizens in the countryside started to mobilize against the repressive security apparatus (Ismail 2006). Popular upheavals exploded where people protested state neglect and the absence of services, basic utilities, and infrastructure, as well as the abuse of citizens in police stations.[54] The recurrent, widespread, and confrontational nature of citizens' resistance posed a challenge to the regime and its capacity to instill fear among them. However, as Salwa Ismail (2006) has noted, citizens' protests remained short-lived and spontaneous, and dissolved when the government's negotiations with them bore fruit in the form of certain promises.

Furthermore, neither the "citizens' protests" nor the peasants' struggles resulted in movement formation or fell back on a sustained form of organization that could have helped them politicize their demands, sustain their mobilization in the face of adverse conditions, and build alliances with those struggling in the urban centers, namely the urban working class. While the Ghanzoury years witnessed a horizontal spread of class mobilization reaching to the neglected and "invisible" countryside, prospects for inter-class alliances between the urban and rural workers were thus non-existent. In the vacuum of any forms of organizing that could have mediated and facilitated inter-class alliance formation, those who were most affected by neoliberal reforms continued to break fear barriers and challenge the repressive arm of the state to contest the stealing away of their rights.

This organizational vacuum is owed to the fact that Mubarak did not express any commitment to preparing the country for democratic rule. Instead, the liberalization strategy adopted since the 1990s allowed for parties to exist and for civil society organizations to proliferate, but it was a strategy aimed in particular at containing the political fallouts of economic liberalization rather than at pushing forward a political liberalization that could

[53] For the peasants' struggles revolving around this law see the following report by the Land Center: http://www.lchr-eg.org/archive/66/66-2.htm

[54] The Egyptian Human Rights association criticizes violence against ordinary citizens; see: http://www.albayan.ae/one-world/1998-09-15-1.1020024

eventually lead to the democratization of the regime (Heydemann 2007; Brynen et al 2012).

This controlled liberalization strategy had dire implications for the roles that civil society organizations and political parties could play in helping to organize the working class and the peasants. For example, the proliferation of civil society organizations created a space whereby some sort of middle-class solidarity pertaining to labor and socio-economic rights emerged**.** Aside from the abovementioned CTUWS, the Hisham Mubarak Foundation and the Land Center for Human Rights (LCHR) were two other NGOS created in the mid- and late 1990s that had expressed solidarity with workers and peasants and had opened the debate around socio-economic rights. These NGOs created an alternative space for workers to meet and to overcome the corporatist siege imposed by the GEFTU and the ruling NDP party. They provided resources, legal assistance, and an open space for workers and peasants. For example, the aforementioned peasants' uprising drew the attention of human rights activists and intellectuals, leading to the creation of a "Peasant Solidarity Committee linking small farmers, mostly in the Delta, to urban intellectuals and human rights activists" (Bush and Ayeb 2014, 7). The Hisham Mubarak Foundation, which would later unfold into the Egyptian Center for Social and Economic Rights (ECESR), would play an instrumental role in supporting the legal struggles of the peasants and workers against their dispossession. For example, in 2005, the Hisham Mubarak Law Center, along with other centers, "defended small farmers who had resisted with violence their dispossession by the Nawwar family of landowners in Sarandu, near the Delta town of Damanhour" (Ibid).

However, the NGO community had to face the hurdles of authoritarian encroachment along with limited human and financial resources. These factors impeded their capacity to reach out to the entirety of the working class and to the peasants. This NGO solidarity remained weak and limited in its capacity to reach out to various work categories across different geographical regions (Interview with Labor Journalist). Furthermore, NGOs were licensed and recognized by the state. Despite their critical stances on the Mubarak regime and its policies, these NGOs were entangled in a web of bureaucratic and legal networks that kept them tied to the Mubarak regime. At the end of the day, these associations, although in opposition to the regime, owed their existence to state licensing and recognition. Hence, the associations internalized the limits imposed by regime and avoided triggering the regime's anxiety, given that their actual existence was at risk. Within this constrained political context, these associations could therefore mitigate the impact of neoliberal reforms on the working class and the peasants, but they could never rise to a level at which they could actually empower them, given that the empowerment of peasants and workers would have constituted

a direct challenge to the Mubarak regime (Abdelrahman 2004; Heydemann 2007; Wiktorowicz 2000).

Furthermore, despite the fact that Mubarak paved the way for the existence of loyal opposition parties, none of these parties expressed a true commitment to workers or peasants. I argued in the previous chapter that the main party, the ruling NDP, was gradually transformed from a platform privileging the old guard into a party of the business community. *Tagammu'* (Collective), the only "legal leftist" party that existed at the time, became part of the regime by joining Mubarak's anti-Brotherhood coalition, and became an extension of the security apparatus. *Tagammu'*s leadership cooperated with the Mubarak regime, and spied on their own membership and reported back to the security apparatus in an attempt to intimidate those who would dare oppose the regime (Interview with Labor Journalist; Smet 2015). Furthermore, *Tagammu'* dismissed the role that workers could play in social and political struggles (Smet 2015).

Several parties emerged as a reaction to *Tagammu's* cooptation by Mubarak. One such organization was the Trotskyist Revolutionary Socialists (RS), created in 1995. Unlike *Tagammu'*, RS emphasized the centrality of the working class in social and political transformations. However, the RS was not a worker's party; it remained limited in its membership and scope. Its main constituency was Cairo-based leftist intellectuals and students of the prestigious American University of Cairo (Interview with Labor Journalist 2). The Arab Democratic Nasserite Party (ADNP) also emerged from *Tagammu'*, but, as the name suggests, it drew on Nasser's populist legacy (Smet 2015, 217). A 1996 division within the ADNP occurred, leading to the creation of the *Karama* party (Ibid). *Karama* did not play any role in mobilizing workers; instead, its leadership played an important role in the political opposition that will be discussed in the next section. In sum, the centrist and the leftist parties that existed under Mubarak did not represent working class interests; they also did not play any role in mobilizing resources, or in helping to sustain working class strikes or peasant mobilization. They also played no significant role in politicizing the struggles of the peasants and the working class.

I have argued in the Introduction and in Chapter 1 that organized religious groups can play an important role in the context of authoritarian regimes where almost all institutional channels are blocked or subject to heavy-handed repression. In the context where the organized religious groups are independent from the authoritarian structure in terms of financing, recognition, and appointment, and in the context where such organized religious groups openly side with the lower classes rather than with capital, they can play an

instrumental role in furthering the chances for democratization.

In Egypt, the organized religious groups suffocated the class-based agenda and class organizing to promote Islamism as the solution to social, economic, and political ills. The largest, or practically largest, religious organization, the Muslim Brotherhood (MB), did not depend on Mubarak's regime for financing or for appointments. It had access to independent sources of financing from the MB business community, Gulf/regional monies, and Islamic religious charities, *zakat*. Although the MB did not depend on the authoritarian structure financially, given the long history of prosecution of MB leaders under Nasser, it needed the authoritarian structure's recognition and guarantees that it would not crack down on its members.

In post-Nasser Egypt, a bargain would tie the MB to Sadat's and Mubarak's authoritarianism. The heart of it was that the MB, which is a movement with various tendencies including those who would pursue moderate means to Islamize society and others who would advocate for more radical and armed means, would relinquish the violent/revolutionary option and accept to operate within the realm of the nation-state rather than pursuing the establishment of an Islamic Nation. The MB would also assist Sadat and Mubarak in taming and weakening the left by infiltrating the student movement and absorbing their militancy and activism, turning away from a leftist agenda toward religious indoctrination (Wickham 2013). In return, the authoritarian structure would recognize their capacity to operate by creating their social institutions, but would still withhold their recognition as a formal political party (Ibid). The bargain would be implemented under Sadat and Mubarak, albeit with various degrees of tolerance, or lack thereof, under each. For example, Mubarak would mobilize the emergency law (1980, 1990s, and 2000s) against the Brotherhood (Joya 2018 a), and would pursue a series of crackdowns against their leaders, especially when they ran for elections and scored some victories in the late 1980s and early 1990s (Wickham 2013). This nevertheless did not prevent the Brotherhood from expanding their social networks nor running informally with other parties for parliamentary elections or professional syndicates. The long-term effects of this bargain were that the MB accommodated neoliberal authoritarianism, accepted to operate within its parameters (Clark 2011; 2012), and reproduced it through its political and social participation.

On the one hand, the MB contributed to authoritarian resilience by conferring some degree of legitimacy on Mubarak's authoritarianism through their acceptance of taking part in electoral politics (Clark 2012). As will be shown, this participation had dire effects for their

willingness to take part in the January 25 revolution, in which they initially expressed reluctance toward joining the protesters. On the other hand, as pertains to neoliberalism, the MB would benefit from the state's recognition of its social activism to deepen their social networks under a neoliberal state in retreat (Joya 2018 a, Kindle Location 2726). The MB would therefore seek to expand its Islamic charity associations to absorb the middle-class labor force of MB-affiliated professionals (doctors, teachers, and managerial and administrative positions) to cater to both the middle class and the lower classes (Clark 2011). The Islamic charities provided employment opportunities especially for the middle-class base of the MB in neoliberal Egypt, where the formal job market in the public and private sectors could no longer absorb the influx of new graduates. Islamic charities also provided high-quality social services to the middle-class constituency of the Brotherhood. The combination of higher levels of employment and increased services for this social class expanded the parameters of MB membership and affiliation. The other social class that would benefit from the Islamic charities and welfare social services was lower-income earners. The MB stepped in to provide services to the rural impoverished communities and the residents of the urban peripheries (Joya 2018 a). The quality and quantity of social services targeting lower-income earners differed, however, from those aimed at the middle-class MB constituency (Clark 2011, 157). In addition to the social services provided to the poor and lower-income earners, the MB was, for example, the most efficient organization providing relief services in the wake of the 1992 earthquake, especially in the urban peripheries (Ibid).

However, as Clark noted, these Islamic institutions do not

> "forge strong ties between the two (the middle class and the lower class) […] There are more benefits for the middle class and the poor are not integrated into the middle class social networks that are the backbone of the Islamic Charities and ultimately of the Islamic movements. The poor are neglected or more accurately, alienated from the Islamist social and political vision… the poor are not participants in (and are largely not privy to) the trust and solidarity building among the middle class that works and benefits from ISIs" (Clark 2011, 157).

Hence, the Islamic networks did not politicize the struggles of the poor and their approach to Islamic activism geared toward the lower classes was far removed from a class-based perspective or the empowerment of lower-income service recipients. Rather, the MB strategy favored expanding the social services geared toward the middle class, driven by the

assumption that the poor and lower-income earners were embedded in the clientelistic networks of the authoritarian regime and hence would end up casting their ballots for the ruling party rather than for the MB (Masoud 2013). Furthermore, the way the MB promoted its social activism and welfare services was from the standpoint of Islamic charity, which also rested upon the idea that the only solution to the poor's problems would have to materialize through their support of the MB's Islamism rather than through the politicization of their struggles from a class-based perspective. For example, "Islam is the solution," a slogan used by Islamists on Election Day, promoted the idea that Islamism can cure all the social and political ills in society and that *zakat* or Islamic Charity would end up achieving social justice (Joya 2018 a, Kindle Location 2811). Not only is this approach problematic in the sense that it suffocates class identities, but as the MB reached political power, it failed to provide tangible solutions for a country wherein more than 25% of the population lived below the poverty line (Joya 2018 a).

As for the MB's relationship to the business community, it is worth noting that the MB did not advocate a radical overhaul of neoliberal capitalism. Rather, it simply sought to promote replacing the Western financial banking system with an Islamic banking system, which was not necessarily immune to the ideas of "competition and profit maximization" (Ibid, Kindle Location 2666). Furthermore, the MB constituency also incorporated important businessmen, who mostly dominated the small and medium enterprises that had been left at a clear disadvantage compared to the large NDP business tycoons and the military, which enjoyed "protected markets" (Ibid, Kindle Location 2726). The MB was not critical of the neoliberal agenda that had dispossessed and marginalized the majority of Egyptians; rather, it criticized its corrupt implementation, which could, according to the MB, be curbed by Islamic morality (Joya 2018 a, Kindle Location 2666). Hence, as will be shown in Chapter 4, the MB promoted an economic agenda of "pious neoliberalism" that sought to displace the large NDP businesses operating in the construction, agribusiness, petroleum, and energy sectors with MB-affiliated pious businessmen operating in textiles, furniture, and food processing (Ibid). As such, the MB did not empower the lower-income social classes, as such a practice would have contradicted both the desires of the MB's social base of the middle class and businessmen and the MB's neoliberal agenda. It is therefore no surprise that the MB did not support a single strike under Mubarak (Beinin 2016) and that workers never viewed the MB as a representative of the working class (Abdelrahman 2015, 62-63).

3.3.3 Atef Ebeid (1999-2004): The Rise and Decline of Middle-Class Opposition

The labor militancy of the late 1990s pushed Ghanzoury's successor, Atef Ebeid (1999-2003), to slow down the pace of neoliberal reforms in the hope of containing the streets. It can hardly be argued that his strategy undermined labor mobilization. Between 1999 and 2003, workers organized 286 labor actions (Annex). However, it was the Cairo-based middle class that captured media attention under Ebeid. As the distinguishing feature that set it apart from the state-created middle class under Nasser, this new middle class benefited from a liberalization of the economy but remained autonomous from the regime and state patronage (Interview with Political Economist 2). This new middle class included, for example, students, entrepreneurs, professionals, and intellectuals (Ibid).

The middle-class opposition to the Mubarak regime and resistance to the succession project were tied to a group of Cairo-based intellectuals and youth activists. This middle-class opposition failed to represent the wide array of people who were antagonized by Mubarak's neoliberal policies. While I argued in Chapter 2 that Mubarak's foreign policies and the succession project served to deepen neoliberalism, the middle class did not make any efforts to draw these links. In this respect, the middle-class movement did not appeal to the poor and the working class and it therefore remained tied to the same social classes that had benefited from Mubarak's economic liberalization (Interview with Political Economist 1). Despite its class biases, the middle-class opposition delegitimized the regime's strategy, which had pushed class struggles to a secondary order compared to nationalist and anti-imperial causes. This regime strategy, although not totally internalized by the working class, had played an instrumental role in keeping large sectors of the working class under the impression that their struggles are insignificant compared to the broader anti-imperial struggles. However, as the middle class exposed the regime's real foreign policy alignment with the imperial powers, the moral economy was disrupted, leading the working class to pursue even more combativeness under Sedky's successor. The following section illustrates this argument.

An overview of the middle-class movement illustrates how it did not make any socio-economic demands; instead, it was alienated by Mubarak's subservience to American and Israeli interests in the region. The middle class took to the streets to express solidarity with their Palestinian and Iraqi neighbors in the wake of the 2000 Al-Aqsa *Intifada*[55] and the 2003 American invasion of Iraq. In September 2000, the wave of protests in solidarity with the Palestinian struggle "shook the regime to its core, expanded the margin of contentious action,

[55] The popular Palestinian uprising of 2000 whose participants expressed their anger and frustration with the halted peace process, humiliation, and the Palestinian National Authority's corruption. Sharon, the then-prime minister of Israel, visited the Temple Mount and declared support for the annexation of Jerusalem, triggering a wave of anger among Palestinians.

mobilized new groups and offered a training ground for young activists" (Abdelrahman 2015, 31).[56] In subsequent years, this movement became the nucleus of an antagonized movement opposing the Mubarak regime. During the 2003 war on Iraq, Egyptians organized a massive anti-war demonstration, with more than 20,000 Egyptians occupying Tahrir Square (Smet 2015, 219). What had started as a solidarity movement with Iraq and Palestine unfolded into opposition to Mubarak and his succession project. In 2005, *Kefaya* (Enough!) was founded to challenge Mubarak's plan to renew his term and groom Gamal Mubarak for power (Abdelrahman 2015, 36). When the movement became too threatening, Mubarak moved to demobilize it (Smet 2015, 228). He then amended the 1971 constitution so "that the president becomes elected directly thus making their demand illegitimate" (Ibid).

The *Kefaya* movement was also rife with ideological divisions, bringing strange bedfellows together including Nasserites (*Karama*), Islamists (Muslim Brotherhood), and leftists (Revolutionary Socialists) (Ibid, 229). Its members hailed mainly from an urban Cairo-based middle class of intellectuals. *Kefaya* did not reach out to the rural and urban working class (Joya 2011, 228). Their demands and discourse were not inclusive of wider factions that confronted and bore the brunt of Mubarak's neoliberalism. In fact, these "political factions always told workers, your demands are apolitical" (Interview with Giza Unionist) and treated workers with vanguardism (Interview with Labor Journalist 2). Despite the fact that some elements of the democratic movement supported workers' struggles, the middle class and the working class were clearly set apart, which served Mubarak's interests (Interview with Political Economist 2). Activists' support for the Egyptian working class was always from the standpoint of pushing for political demands, which was detrimental to working-class interests. Most importantly, youth activists, excepting the RS, did not take the time to sit down with workers to listen to their demands (Interviews with Labor Journalist 2 and 3; Interviews with Giza Unionist, Interview with Alexandria Unionist).

Despite the weaknesses and the elitism of the movement, one of its achievements was that it delegitimized the regime's strategy, which had relegated class struggles to a secondary order compared to nationalist and anti-imperial causes. Beside the regime's stances on the aforementioned regional conflicts, "in 2004 and 2006, the Mubarak regime signed two trade treaties (Qualifying Industrial Zones and export of Egyptian natural gas) with Israel, Egypt's historic 'enemy'" (El Mahdi 2011, 397). Workers' issues could no longer be pushed aside. The longstanding saying that there is "no voice higher than the voice of the rifles" was

[56] See also http://news.bbc.co.uk/2/hi/middle_east/4709011.stm

shattered, and the regime's total subservience to imperial powers was exposed. In 2009, following Israel's attack on Gaza, workers in Suez were no longer willing to pursue production and serve the "national interest." In a cement factory owned by two business tycoons from the Sawiras family, workers declared a strike when they realized that their products would be exported to Israel.[57]

3.3.4 Deepening Neoliberalism and Relaxing Repression under the Businessmen's Cabinet of Ahmad Nazif (2004-2011): The Workers' Strikes, Urban Subalterns and Peasants' Mobilization

Under Nazif, the working class faced a fierce attack on its most basic rights to work and occupational safety, starting with the implementation of Law 12/2003 (Chapter 2). Labor market deregulation was normalized. Occupational safety was violated, with dire consequences for workers' health. Arbitrary and punitive dismissals and withholding salaries and incentives became common occurrences that fueled workers' anger and resistance. In February 2004 alone, 40,000 workers lost their jobs with the closure of some factories in the new industrial cities of 6th of October (*Sita October)*, 10th of Ramadan (*Asher min Ramadan)*, and Borg el Arab.[58] In addition to the deterioration of work conditions and job security, workers faced accumulation by dispossession (Harvey 2014, 68). The process reached new heights under the businessmen's cabinet. Frozen wages, high inflation, declining public health and education services, as well as rising the prices of utilities, the lifting of support for essential consumer subsidies, and higher taxation laid the burden on subordinate classes (Interview with Labor Lawyer, Interview with Suez Unionist). The deepening of neoliberal reforms under Nazif would lead more than 2 million workers to participate in 2,800 labor actions (Annex). All such strikes were wildcat strikes organized by informal strike committees, themselves organized by the rank and file and reporting directly to them. The process of mobilizing and organizing for the strikes was the first experiment in direct and participatory democracy in Egypt, premised on the practice of grassroots participatory democracy at the workplace and on the horizontal ties that workers formed with each other, transcending the vertical ties imposed by the regime.

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[57] For information about the strike in the Sawiras industries, see: https://tadamonmasr.wordpress.com/category/%D8%B9%D9%85%D8%A7%D9%84/%D8%A8%D8%AA%D8%B1%D9%88%D9%84-%D9%88%D8%AA%D8%B9%D8%AF%D9%8A%D9%86-%D9%88%D9%83%D9%8A%D9%85%D8%A7%D9%88%D9%8A%D8%A7%D8%AA/%D8%A7%D9%84%D8%B3%D9%88%D9%8A%D8%B3-%D9%84%D9%84%D8%A3%D8%B3%D9%85%D8%AF%D8%A9-%D8%A8%D8%AA%D8%B1%D9%88%D9%84-%D9%88%D9%83%D9%8A%D9%85%D8%A7%D9%88%D9%8A%D8%A7%D8%AA-%D8%B9%D9%85%D8%A7%D9%84/page/3/

[58] See for example the Revolutionary Socialists: http://revsoc.me/workers-farmers/qr-wly-fy-lhtjjt-lmly-lrhn/

There were other transformations within the political structure that enabled the astronomical rise of working-class mobilization. As I argued in Chapter 2, the last decade of Mubarak's rule witnessed the rise of the business tycoons to political decision-making positions. Politically connected businessmen eclipsed the security apparatus in politics, and as they did so they used less outright repression and violence and replaced it with negotiation and bargaining with the working class (Abdelrahman 2015; El Mahdi 2011; 396). Hence, while in the past the strikes demanding basic rights had been met with heavy-handed repression, Nazif's cabinet exhibited some tolerance toward labor strikes. This tolerance was owed to several factors. On the one hand, the businessmen's industries were hit hard by the strikes that ended up incurring losses in terms of work stoppage. Consequently, the businessmen were forced to make concessions to the strike committees who imposed themselves as bargaining partners. On the other hand, the business community, which was also preparing for the grooming of Gamal Mubarak, was also aware that its political project could not be implemented under heavy-handed repression. In other words, if repression deepened, the business community risked losing legitimacy by alienating wide sectors of the population.

The state strategy under Nazif gave more confidence to workers as they entered the negotiation process, and it also gave them more leeway in updating strike strategies (Ibid). They were now able to take their struggles outside the factory. Workers made use of public spaces and camped in front of the cabinet and the parliament (Interview with Cairo Unionist), drawing more attention to their struggles, aided by the rise of the social media run by the same factions that had been antagonized by the regime's foreign and domestic policies. Bloggers and internet-savvy journalists replaced the state-controlled media discourse that had criminalized labor action, allowing for a freer access to information and a positive depiction of working-class struggles (El Mahdi 2011, 394).

With the relaxation of state repression, the working class, who in the past had protested for a day or two at a time, prolonged its strikes for days, weeks, months, and even a year. The longer the strikes, the larger the losses incurred by businesses and the larger the concessions that workers demanded from the business community (Abdelrahman 2015; El Mahdi 2011; A. Alexander and Bassiouny 2014). Workers became more combative and more confrontational with both management and the state. While in the past they had pleaded with the state, they were now more emboldened to expose the tactics of their company management, whether in the public or private sector. On several occasions, they protested management's tactics of enforcing losses for the working class or withholding the

redistribution of the profits with the excuse that their companies were not profitable (Interview with Alexandria Unionist). The higher levels of working class combativeness thus not only enforced material concessions from capital, but they also exposed the regime's and businessmen's strategy.

Under Nazif, it was the temporary workers in the new industrial cities who inaugurated the wave of strikes. The creation of new industrial cities[59] had started under Sadat in the 1970s, but became the focus of new industries under Mubarak. A key strategy pursued by capital and the state was to disperse industries to cities far away from Cairo to preempt solidarity around labor mobilization (Abdelrahman 2015; A. Alexander and Bassiouny 2014). But the dispersion of the working class into smaller units and their divisions along geographic lines did not undermine their capacity to mobilize; it instead spread the wave of protests across different geographical regions. Well before the Mahallat strike, which will be discussed shortly, the temporary and precarious workers in 10th of Ramadan and 6th of October industrial cities were mobilizing against the stealing away of their rights to permanent work and occupational safety (Abdelrahman 2015, 58). The apogee of labor strikes in 10th of Ramadan was when temporary workers diagnosed with lung cancer from inhaling the toxic and internationally banned asbestos in the Egyptian-Spanish Asbestos Company (Ora) led an 8-month strike. The resilience of Ora workers and the solidarity that ensued both locally from the CTUWS and internationally from French trade unions forced the Nazif cabinet to order the closure of the Ora factory and award workers with compensations (Beinin 2009 a, 77). Ora workers inspired more than 1,400 factories in the new industrial cities into labor action. Most of the labor force at these factories was temporary and non-unionized (Abdelrahman 2015).[60]

Strikes also reached one of the most important industrial regions in Egypt, which would play a protagonist role in the 2011 revolution: Suez. Suez was home to a wide range of highly polluting industries (Interview with Suez Unionist). The 600,000 residents and workers faced deteriorating living and work conditions. In August 2006, more than 4,000 non-unionized workers in the Ceramica Cleopatra factory went on strike. Workers there mobilized and challenged "one of the pillars of the Mubarak regime" (Interview with Suez Unionist), Mahmoud Abu El Einen, who had financed Mubarak's 2005 presidential campaign (El Tarouty 2015). The strike committee organized workers at the grassroots level. Their

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[59] This includes the cities of 10th of Ramadan and 6th of October created following economic liberalization. The official website of 10th of Ramadan City: http://newcities.gov.eg/know_cities/Tenth_Ramadan/default.aspx

[60] For the Ora strikes and demands: http://www.ibasecretariat.org/lka_vict_egypt_asb_wrks.php. See also for the wave of strikes in the new industrial cities: http://weloegy.blogspot.ca/2014/05/blog-post.html

demands included a betterment of wages, work safety, and the right to form their own unions (Ibid). Under pressure from the workers' insistence, Abu El-Einen conceded to the first two demands but balked at the last (Ibid).[61] In Suez, the security apparatus imposed a siege on the industrial center to isolate striking workers from the external world, with the intention of preempting the rise of solidarity networks from within the local community and undermining a spillover of the strike to other sectors (Interview with Suez Unionist). This strategy failed when labor action spilled over to other industries in Suez, including textile, oil, and paper production (Ibid). Comparing Suez to Mahallat al Kubra, which captured extensive media attention, a Suez unionist opined that the main reason why Ceramica did not capture much attention was that "the technological revolution did not reach the region, and we were not using mobile phones" (Ibid).

While Suez and the new industrial cities did not capture as much media attention, it was the December 2006 strike in the Mahallat al Kubra textile factory that captured local and international media attention. Mahallat was and still is considered the heart of Egypt both because of the long history of the factory and because of its status as a source of employment for more than 27,000 workers (Al Jazeera English 2012). In Egypt, the textile sector is characterized "by a perpetual crisis and declining wages" (Interview with Giza Unionist). Real wages in this sector declined over the years, reaching their lowest level in 2006 compared to 1988.[62] The regime's strategy was to starve the textile sector of capital and investments, leading gradually to its decay and the closure of factories. According to my interviewees, the issue of declining wages was a leading factor that triggered labor action in 2006 (Ibid). "Workers became aware that strikes were their only weapon" (Several interviews with Unionists and a Labor Lawyer). They demanded meal allowances, the betterment of annual bonuses, and the betterment of working conditions (Smet 2015, 235). Nazif decided to raise yearly bonuses to an amount equivalent to two months of wages, which ignited the wave of strikes in Mahallat (Al Jazeera English 2012). When the factory's management failed to implement the prime minister's decision, 3,000 women called for a strike and inspired 24,000 out of 27,000 workers in Mahallat along with them. Workers stopped their work and called

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[61] See also the Report of the Children of the Earth on Ceramica Cleopatra strike: http://anhri.net/%D8%A3%D9%88%D9%84%D8%A7%D8%AF-%D8%A7%D9%84%D8%A3%D8%B1%D8%B6-%D8%AA%D8%B1%D8%B5%D8%AF-8-%D8%A5%D8%B6%D8%B1%D8%A7%D8%A8%D8%A7%D8%AA-%D9%884-%D8%A7%D8%B9%D8%AA%D8%B5%D8%A7%D9%85%D8%A7%D8%AA-%D9%882/

[62] For the question of declining wages, see https://ayman1970.wordpress.com/2017/02/21/%D8%A7%D9%84%D8%A7%D9%82%D8%AA%D8%B5%D8%A7%D8%AF-%D8%A7%D9%84%D8%B3%D9%8A%D8%A7%D8%B3%D9%8A-%D9%88%D8%A7%D9%84%D8%AD%D8%B1%D9%83%D8%A7%D8%AA-%D8%A7%D9%84%D8%B9%D9%85%D8%A7%D9%84%D9%8A%D8%A9-%D9%88/

for a vote of no confidence against their factory union, which they described as complicit with the corrupt management (Ibid). The most significant challenge to the federation emerged when more than 13,000 workers resigned from their local unions (Smet 2015, 236). To divert workers' anger, the GETUF proposed a compromise solution: the creation of a temporary committee to manage workers' affairs (Interview with Labor Journalist 2; A. Alexander and Bassiouny 2014).

The strategy did not last for too long; workers, who had already gained confidence, declared another strike in 2007. This time, their demands transcended the factory level to call for a national minimum wage of 1200 EGP (Smet 2015; Interviews with Labor Lawyer and Labor Journalist 2). This demand was not met. Instead, the government diffused working-class anger again by giving them "two months of bonuses along with extra bonuses for January and June 2008" (Smet 2015, 237). Workers viewed the concession as a victory, but pursued their struggles. On April 6, 2008, workers exposed the company's tactics to withhold the disbursement of profits from workers despite the fact that the company was profitable (Al Jazeera 2012; Smet 2015). Workers rose again to call for a strike. This time, they drew the attention of middle-class activists, including bloggers and intellectuals, who seized the opportunity to declare the birth of a solidarity movement that they called "April 6," calling for a general strike on the same day (Interview with Journalist 2; Labor Lawyer).

Despite their open support of workers' strikes, it is quite telling that, for example, April 6, which also emerged as one of the key players in organizing protests before and during the 2011 revolution, did not include any demands in relation to social justice, economic rights, or workers' struggles.[63] According to many of my informants, the April 6 movement hijacked the strike and harmed workers' demands. By stating that this "is something bigger than a strike" (Interview with Labor Journalist 2 and 3), they politicized the strike action without coordinating with the workers (Smet 2015, 238). According to one of my interviewees, April 6 harmed the strike because "you do not start by saying down with Mubarak. This is despite the fact that the Mahallat al Kubra was the first to ask him to leave" (Interview with Labor Journalist 3). In fact, the politicization of the general strike raised a red flag for security forces. The latter prevented workers from arriving at the factory and thereby aborted the strike, blending intimidation and repression. Strike leaders were detained; others bore the brunt of punitive dismissals (Interview with Labor Journalist 2 and 3). In the regions,

[63] For more information, see the website of April 6 movement: https://6april.org/%D9%85%D9%86-%D9%86%D8%AD%D9%86-%D8%9F/ (Accessed October 2017)

a wave of arrests targeted activists, spreading terror and fear and undermining prospects for a general strike (Interview with Labor Lawyer).

When the strike at the workplace was brutally repressed by the security forces, the rising bread prices led to a popular upheaval in the city of Mahallat (Interview with Labor Journalist 3). In retaliation, the regime used force to tame the uprising and subvert prospects for another bread riot. Interviewees described the state violence as on par with Israel's brutality against Palestinians (Interview with Labor Journalist 2). The entire city of Mahallat was set on fire by the security forces. However, the indiscriminate and broad repression mobilized more people against Mubarak, turning some of his supporters against him. "This (violence) was what encouraged more people to protest" (Ibid). Repression alone could not end the popular anger; amid risks of greater de-legitimization, the regime was once again forced to roll back, lifting bread subsidies, which consequently demobilized the protesters (Ibid).

The centrality of Mahallat and the symbolism of the factory as the heart of Egypt, triggered a wave of strikes in the textile sectors of Kafr al Dawwar and Shibin el Kom, but also in cement and among railway workers (Abdelrahman 2015; El Mahdi 2011; Smet 2015; Naguib 2011). Strikes then began moving through all sectors and different locations, spreading mobilization in Egypt.

The strike wave was also a direct response to Nazif's policies of aggressive privatization, including the selling of 178 SOEs. Important strikes start to focus not only on wages and work conditions, but also on the protection of the right to work by redeeming the privatized industries. As privatization picked up, the unemployment level increased as a result of a deliberate strategy by the new management to get rid of the large labor force.

The most prominent case was that of Tanta Flax industrial center, where workers initiated the longest strike in the history of Egypt. Tanta Flax was established in 1954 as the most important factory for linen production in the Middle East, covering an area of 311 thousand square meters, including ten factories that accounted for more than half of the world's flax production. In 2005, Tanta Flax was sold to a Saudi investor. While the Egyptian government estimated its cost to be 211 million EGP, the government ended up selling it for only 83 million EGP. The new investor, who committed to maintaining jobs for all employees and to developing the company's production lines, did not keep his promises, shutting down lines of production and dismissing large numbers of workers. As one of the Tanta Flax unionists argued, "before privatization, there were 2300 workers. When he bought it, he only

kept 1200 workers, and by the end, we were left with 150 workers" (Interview with Tanta Flax Unionist). In response, workers entered a 13-month strike (Ibid).

The Tanta Flax strike was the first strike to be legally recognized by the GETUF. However, the corporatist federation soon withdrew its support and sided with the investor, dismissing workers' demands. After monopolizing the negotiation process, the GETUF concluded that workers should bring an end to the strike, as management had agreed to "increase meal allowances and pay an annual wage increase of 10%" (Ibid, 44). Striking workers did not bow to GETUF pressure, seeing that their main demands, the return of their dismissed colleagues and disbursement of bonuses and profits, as well as raising the meal allowance to 90 pounds, were never met (Ibid).[64] In 2010, striking workers in Tanta Flax, supported by the famous labor lawyer Khaled Ali from the ECESR, succeeded in obtaining a first court injunction against the Saudi businessman: the Tanta Misdemeanor Court ordered him to be jailed for preventing workers from practicing their right to work (Ibid). The court decision set a precedent, since Article 375 of the criminal law had always been used to charge workers with work stoppage whenever they engaged in a strike.

Civil servants also bore the brunt of accumulation by dispossession and witnessed the erosion of wages that fueled their resistance to the regime. For example, public school teachers were among those who earned the lowest pay under Mubarak (A. Alexander and Bassiouny 2014). To make ends meet, school teachers had to give private lessons after work hours and in some instances, school teachers would be teachers by day and taxi drivers by night (Interview with Independent Unionist, Alexandria).

Consequently, the regime was delegitimized even further by drawing the civil servants to join the opposition and emulate the working-class strikes. In 2007, Kamal Abu Eita, a tax collector and a member of the Nasserite *Karama* party, led thousands of tax collectors in strikes and sit-ins outside of the cabinet. Abu Eita was inspired by Mahallat's experience. The transfer of this experience included the creation of a national strike committee, direct democratization, and gaining of public support among tax collectors. Tax collectors demanded "wage parity with tax workers employed by the Ministry of Finance, whose salaries were higher" (Beinin 2012).[65] Sustaining the strike was again a key element in winning concessions from the then-minister of finance. For eleven days, tax collectors and their families camped in front of the cabinet, finally forcing the minister of finance to increase their salaries by 325%. Despite the fact that they obtained a wage increase, tax collectors

[64] See for example the article on Tanta Flax on the RS website: http://revsoc.me/workers-farmers/tnt-llktn-thmr-ldrb-ndjt-wan-wn-qtfh/
[65] See, for example, Beinin on *The Rise of Egypt's Workers:* http://carnegie-mec.org/2012/06/28/rise-of-egypt-s-workers-pub-48689

maintained their stance on transforming their strike committee into an independent union. In December 2008, the Ministry of Manpower approved their independent union, representing 30,000 out of a total of 50,000 tax collectors. The tax collectors also inspired the formation of two anti-corporatist unions among public school teachers and health technicians (Ibid).

Despite this important achievement of white-collar workers breaking away from corporatism to form independent unions, which is praised by the scholarly community as on par with Brazil's new unionism and thus as a victory for the entirety of the working class, I argue that this instance should be understood with caution. It is clear that, for example, the white-collar unions were not representative of the struggles that pitted the industrial working class against the neoliberal model and hence against the aggressive and deliberate attacks by the Mubarak regime that deregulated the labor market, attacked job security and basic safety, and liquidated the private sector, leading to a large reserve of unemployed workers. They therefore cannot be considered representative of the entirety of the working-class agenda and demands. Though apparently they were the first anti-establishment institution, measuring anti-hegemonic struggles by looking only at the independent unions does not take into consideration the fact that a significant amount of labor militancy was happening at the level of informal factory committees. These factory committees, though informal, were actually challenging the regime's hegemony on several different levels: through their direct confrontation with the security apparatus, and through their confrontation with the NDP and the new business-oriented ruling class.

The Invisible Struggles: Urban Subalterns and Peasants In the Face of Violence

Workers' struggles were essential to exposing the processes of accumulation by dispossession under neoliberalism. As discussed in the case of Mahallat, the strikes were not confined to the walls of the industrial center; they ignited resistance from the local community over issues of accumulation by dispossession. Mahallat was just one example of how the working class inspired a horizontal spread of class mobilization within the local community and among the residents of the urban peripheries. The resistance initiated by Alexandrian unionists in the food industry and in their local community is another example. Inspired by the jubilant rise of workers at the Mahallat al Kubra factory, Alexandrian workers formed and got involved in a committee for the protection of the village of Toson (Interview with Alexandria Unionist). "In May 2008, the Governor of Alexandria, in cooperation with the Agricultural Reform Commission, the Agriculture Directorate and the Endowments

Authority in Alexandria, demolished houses inhabited by people for more than ten years."[66] This incident prompted workers, along with residents of Toson, to form a popular committee for land reclamation. This inter-class alliance helped the workers who were involved in the land reclamation campaign to realize that the Mubarak regime was bent on dispossessing them of their right to land, but also of decent work conditions (Interview with Alexandria Unionist). As one of the unionist-activists on this campaign recalled it,

> "This campaign opened my eyes that this is not a matter of land only. That the government is taking away from me a piece of land but also more broadly, it is involved in stealing away my rights at the industry level" (Interview with Alexandria Unionist)

The residents of the urban peripheries who made a living from the informal economy were also inspired by the rise of the working class. The residents of the urban peripheries' daily encounters with the police under a neoliberal state in retreat was the main cause fueling their resistance. Mobilization there was facilitated by the "growth in informal employment, and the increased privatization of social services" that awarded the residents of the urban peripheries a high degree of autonomy vis-à-vis the state facilitating their mobilization (Ismail 2013, 871). For example, deteriorating health services encouraged patients with Hepatitis C to organize in front of public hospitals, protesting the failure of the government to deliver treatment (Abdelrahman 2015, 65). Women, the main labor force in the informal sector, also led people to protest in the urban peripheries (Annex). Women mobilized the residents in populous neighborhoods where poor families were being evicted to prepare for the destruction of their homes, paving the way for a project of Cairo purged of the lower-income classes (Ibid; Interview with ECESR researcher). Moreover, the residents of the popular quarters resisted the coercive and disciplinary practices of the police force in attacking their informal activities, including by seizing goods sold by street vendors (Ismail 2013, 871).

Another inspiring form of organizing that emerged from the urban peripheries under Mubarak and that played an important role in the mobilization during the 2011 revolution was on the part of the marginalized, often unemployed or underemployed, youth living in the populous quarters. In 2007, these marginalized youth formed the Ultras, a football fans club, which in turn reflected their identity as marginalized youth drawing from the populous quarters and confronting police tactics of crowd control that aimed to preempt the radicalization of Egyptian streets (Ismail 2013).[67] As neoliberal authoritarianism could not

[66]Fort the Toson Village case see: http://revsoc.me/workers-farmers/hly-twswn-blskndry-ystrdwn-rd-mnzlhm/
[67] For a documentary on the Ultras see : https://www.youtube.com/watch?v=TZcifsWdNpE

exist without the expansion and deepening of the police state, the struggles led by residents of the populous quarters were crucial to challenging the neoliberal state, and to breaking the barriers of fear instilled by the regime and its repressive arm. The 2011 revolution took place on January 25, Police Day, and used the slogan of restoring the dignity of citizens assaulted and humiliated by the security apparatus.

The Nazif cabinet also witnessed renewed peasant mobilization in the countryside. A 2009 report by the Land Center for Human Rights (LCHR) shone a light on the deteriorating conditions in Egypt's countryside under Nazif's cabinet. By 2009, 40 million peasants earned less than a dollar per day, and unemployment reached almost 60% in the countryside on that same year (LCHR 2009). There, the struggles revolved around the questions of land ownership, irrigation and access to water, and the refusal of the state to settle the landless peasants who have been forced out by landowners (LCHR 2006, 2007, 2008, 2009). As had been the case in previous years, the peasants were met with brutal repression. In 2006 alone, 92 peasants were killed and 257 were injured, while 465 were jailed (LCHR 2006). In most cases, the jail sentences were given to poor peasants who were unable to pay interests on agricultural loans. Despite the heavy-handed repression and brutality, the peasants continued to pay with blood as they struggled for access to land and water. In the last two years of Mubarak's rule (2009-2010), the peasants organized more than "180 sit-ins, 132 demonstrations and six strikes in rural areas » (Bush and Ayeb 2014, 7). The regime responded by killing 400 peasants, and arresting nearly 3000 in 2009, and arresting 2000 and killing 220 in 2010 (Ibid).

The main challenge, as discussed in the previous section and suggested by Maha Abdel Rahman, was that the urban subalterns and peasants were not linked to a strong organizational core that could sustain their mobilization (Abdelrahman 2015, 66) and that could have, I would add, led to the greater politicization of their demands. As these struggles spread across different classes and work categories, they nevertheless did not coalesce together under a broader alliance of formal and informal workers, the employed and the unemployed, the workers in the urban areas and the countryside. Consequently, the contending social classes continued to challenge dispossession each on its own and to face the security sector's brutality. These social struggles were not tied to a unified agenda that revolved around their daily struggles including the right to healthcare, the right to housing, the right to work, etc. The realization by the unionist-activist in the Toson case perfectly

illustrates how such connections between land reclamation and rights at work could have been made, but this case was not a generalized occurrence under Mubarak's regime.

3.3 Social Class Mobilization and the 2011 Revolution

In this section, I argue that the working class played an important role in the 2011 revolution. Although workers of the formal and informal sectors did not call the 2011 mass mobilization, the working class participated in the revolutionary process, presented themselves as martyrs, and was the first to challenge the symbols of the regime by storming the NDP headquarters and refusing to bow to the anti-revolutionary tactics of the corporatist federation. Arguably, the character of the revolution changed when the working class and the residents of the urban peripheries joined the mass mobilization. Furthermore, the mass mobilization during the 18 days that preceded Mubarak's removal had built upon the workers' capacity to organize and mobilize in the previous decades. Moreover, the working-class strikes paralyzed the country, facilitating the removal of Mubarak by the generals. Workers, unlike the Revolutionary Youth, did not bow to the military's manipulative depiction of itself as being on the side of the protesters. Rather, workers continued to strike and the wave of strikes reached out to the military-owned industries. Workers had no qualms about exposing military corruption and challenged the military's economic and foreign policy interests. It was the working-class participation that forced the military to remove the dictator. As argued in Chapter 2, the military grew wary of the Mubarak regime, but without the working class it had not yet reached the point of sacrificing the same regime that had helped it to expand its economic ventures. Finally, it was the working class that jumped to declare the first anti-establishment institution. The following section pays attention to these arguments.

When the April 6 movement called for protests through social media and took to the streets against Mubarak on January 25, 2011, workers did not refrain from joining the revolution, with many leaving their jobs and taking to the streets. The Egyptian Journalist Union and the Society of Heroes and Victims of the Revolution reported that 70% of the injured were "workers with no educational qualifications" (A.Alexander and Bassiouny 2014, 198). In the first days of the revolution, Mubarak closed workplaces, which "allowed a massive number of workers to come out on the streets of their cities and towns" (Abdelrahman 2015, 64). Until then, workers had been participating as citizens and individuals rather than as workers per se (CTUWS 2015; Beinin 2012).

Beyond the demonstrations and mobilization in Cairo's Tahrir Square, led by a middle-class youth movement, working-class regions and Cairo's populous quarters rose against Egypt's dictator, thus widening the circle of contention against the dictator (A. Alexander and Bassiouny 2014). Suez, a strategic region and a working-class region par excellence, was known for the militancy of its residents, who prided themselves on being the first to storm the ruling party's headquarters there and to present the revolution's first martyr (Al Jazeera English 2012). Furthermore, on January 28, the Friday of Rage, the revolution took another turn. The residents of Cairo's slums joined protesters and set police stations on fire (Ismail 2013, 872). The problem for urban subalterns was the police brutality that they endured and the criminalization of poverty (Interview with Political Economist 1; Ibid). For them, "the police stations were sites of violent government through torture, verbal abuse, and humiliation, and police officers have long served as agents of everyday government in the popular quarters" (Ismail 2013, 872).

Furthermore, the formal and informal workers were not only the ones to open fire on the symbols of the regime, i.e. the NDP and the security apparatus; they were also the first to create an anti-establishment institution (Beinin 2012). On January 30, 2011, the pre-revolution independent unions and leaders from the industrial cities of Mahallat, Helwan, Sadat City, and 10th of Ramadan City met and agreed on the creation of the Egyptian Independent Trade Union Federation (EITUF) (CTUWS 2015). At the time, the EITUF was supported by the CTUWS, but splits became rife few months later, as will be shown in the next chapter. Furthermore, few months later, the peasants would also establish their own independent Farmers' Union to break away from the state-created federation. The independent federation spread throughout various regions across the country (Bush and Ayeb 2014).

The working class also refused to join a counter-revolution orchestrated by the bastions of the regime, including the GETUF. On February 2, 2011, the corporatist federation, along with Mubarak's supporters, launched one of the bloodiest attacks against peaceful protesters in Tahrir, the Battle of Camels(A. Alexander and Bassiouny 2014, 198). The former GETUF president was one of the main orchestrators of this battle (Interview with Labor Journalist 2), leaving armed thugs riding on camels to run over peaceful protesters, killing and injuring several (Lutterbeck 2012).

As soon as workers returned to their jobs on February 6, 2011, they declared a general strike (A. Alexander and Bassiouny 2014, 198; Beinin 2012; CTUWS 2015). It was the workers' strikes that "sealed the fate of the dictator" (A. Alexander and Bassiouny 2014).

Between February 8 and 11, 60 strikes spread through strategic sectors and military industries (Beinin 2012). They erupted among railway and bus workers, state electricity staff and service technicians at the Suez Canal, in the manufacturing, textile, and steel industries, and in hospitals (The Guardian 2011; Beinin 2012; Shenker 2011).[68] Workers occupied factories, cut roads, demanded a betterment of wages, and kidnapped their managers (Interview with Labour Journalists 1 and 2, Alexander and Bassiouny 2014). On the eve of Mubarak's departure, labor strikes spread horizontally, threatening a radicalization of the streets (Interview with Giza Labor Unionist).

One of the areas that captured less media coverage was the strikes in military-owned factories. Workers there expressed their dismay with the retired generals' corrupt management and were sent to military courts. They "made political demands such as impeaching minister Sameh Fahmi known for his close ties with Israel. Fahmi is known to have overseen agreements with Israel. They were accusing him of having sold Egypt's gas at a subsidized rate to Israel thus causing huge losses for the Egyptian economy."[69]

But the military did not want to overthrow Mubarak; it was only when protests overwhelmed the Mubarak regime that a military coup nudged the dictator. Military officers were quoted saying "we gave the presidential institution the full opportunity to manage events."[70] The generals moved swiftly to change their position when the masses overwhelmed Mubarak's forces "his (Mubarak's) forces were incapable of responding to the events […] On February 10, there were demonstrations that amounted to millions of people all over the country."[71] The military decision was not made in a vacuum. In fact, it was blessed by the USA. While withdrawing its support from its longtime ally and client, the USA pushed for a military-orchestrated transition that nudged the dictator and contained the Egyptian streets.[72] Hence, on February 11, 2011, Mubarak did not leave; the military succumbed to popular pressure and staged a coup against him.

3.4 Conclusion

The Egyptian case invites us to rethink the central argument in RSS (1992), which stipulates that labor mobilization is sufficient to apply pressure for democracy. First of all, on

[68]See The Guardian on the 18-day rebellion: https://www.theguardian.com/news/blog/2011/feb/09/egypt-protests-live-updates-9-february, also Shenker: https://www.theguardian.com/world/2011/feb/11/egypt-economy-suffers-strikes-intensify
[69] Ibid.
[70] The Washington Post, *Egyptian Generals Speak Out about Revolution and Elections,* May 18, 2011: http://www.washingtonpost.com/world/middle-east/egyptian-generals-speak-about-revolution-elections/2011/05/16/AF7AiU6G_print.html
[71] Ibid.
[72] The Guardian, Julian Borger, and Chris McGeal: http://www.guardian.co.uk/world/2011/feb/06/egypt-protests-hosni-mubarak-sulieman

the question of the unintended consequences of capitalist development, and the ensuing social and political mobilization led by the working-class, RSS (1992) based their argument on the Fordist model where a large concentration of workers in big units advance the chances for democracy. However, neoliberal Egypt was not characterized by a uniform working class organized in a few large-scale enterprises. Rather, the working class was fragmented geographically into smaller units. Organizationally, the fragmented working class faced more significant challenges to confronting the pacts of domination that cemented authoritarian rule and that facilitated the implementation of neoliberal policies. Mahallat al Kubrat is a representation of the large industries on which RSS (1992) based their model, but, as I have shown, labor action under Mubarak cannot be reduced to Mahallat, nor can the working class be reduced to the formal public sector employees of Egypt's largest textile industrial center. If anything, the Egyptian case adds complexity to the contradictions of a neoliberal economy and the way these economies are tied to political transformations. The research shows that the labor-democracy argument of RSS has to be rethought to take into account the implications of this fragmentation.

I have argued in the theoretical chapter and in Chapter 2 that neoliberal capitalism transformed modes of production. Under neoliberalism, workers are scattered in smaller units, their numbers reduced at the factory level due to mechanization, tercerization, labor market deregulation, and arbitrary dismissals. However, this fragmentation in Egypt did not prevent the working class from mobilizing. Instead, these conditions that underpin neoliberal transformations actually brought about a horizontal spread of mobilization across different sectors (i.e. the private and the public sector), among the privileged unionized sectors and the less privileged non-unionized sectors, and across different industrial cities (the old and the new cities). It was the contradictions of neoliberal capitalism that actually ushered in labor militancy, which in turn delegitimized Mubarak's authoritarianism and preempted the military from using outright repression in 2011 to immediately impose its own agenda. As will be shown in the next chapter, it took the military almost two years before it could appropriate politics to implement its own version of neoliberal militarism.

More broadly, the Egyptian working class under neoliberalism was not merely mobilizing for wage increases, which is what drives the capital-labor tension under the RSS model. Under neoliberalism, the struggles of daily life were coupled with struggles at the workplace. The demands for the betterment of the national minimum wage were accompanied by demands for social protection and land reclamation, and by struggles over accumulation by dispossession, which challenged the rent-seeking behavior of neoliberal business class. Such

forms of mobilization challenged capital's interests under Mubarak, which profited not only from reduced labor costs but also from their access to public and free land, bank credits, and subsidized raw materials. Workers responded by exposing management corruption and demanding a renationalization of privatized industries, all of which challenged the rent-seeking capacity of capital.

In Egypt, the working class was not tied to a centralized structure that triggered labor mobilization. Egypt's independent unions under Mubarak could not claim that they were representatives of the entirety of the working class nor their demands. As I have argued, experiences in creating independent unions came at a later stage and were in fact only successful among civil servants. However, the absence of formal organizing did not undermine the capacity of workers to pursue their struggles, culminating in their impressive participation in the 18-day revolt that ousted Mubarak.

What emerged in the Egyptian case was a horizontal, non-centralized movement with no definite structure. This form of organization challenged not only the material interests of the dominant classes but their symbolic and ideological hegemony. While the dominant classes were organized in a tightly knit and highly centralized structure that claimed domination over every aspect of social and political life, workers' mobilization spread horizontally, was decentralized, and reached out to different regions across the country. They were not politically tied to any form of political organizing, which contrasts with the affiliation of dominant classes with the NDP. It was not their political affiliations but the grievances that they had developed against Mubarak's neoliberalism that fueled their mobilization. Furthermore, the sheer number of militant workers in factories owned by Mubarak's cronies, the Muslim Brotherhood businessmen, and local and foreign capital dismantled the regime's capacity to label them as part of a single group and legitimize its assault against them. It was a horizontal, non-hierarchical form of organizing that delegitimized the regime.

The frequent occurrence of wildcat strikes that emerged among workers defied the regime both materially and symbolically. Where state-controlled factory unions existed, they were weakened by the decisions of the working class to resign *en masse* or to establish an autonomous union, independent of the corporatist federation. The two cases of Mahallat al Kubra and the Tax Collectors' Union illustrate the argument (Abdelrahman 2015, 61). Even in factories where no official unions existed, workers elected a strike committee that represented them and forced concessions from the managers. Unlike the GEFTU, the strike committees were horizontal, based on participatory democracy; their elected leaders were

accountable to their colleagues and "reported back to them in one of the most democratic practices under Mubarak" (Abdelrahman 2015; 61). The factory committees were contrasted with the image of a centralized and hierarchical power within the GEFTU and an aging leadership that made its power through fraudulent elections and sided with the ruling party and businessmen to dissipate workers' rights.

Furthermore, workers pursued a new strategy that reflected their combativeness toward the state and capital. It rested upon work stoppage, incurring losses for businessmen and the state (El Mahdi 2011, 397). The demand for a minimum wage, which surpassed the industry- and workplace-specific requests for salary increases, or for the recognition of factory committees, transcended the factory. The demand for a national minimum wage challenged Mubarak's pact with the businessmen but also with the military-owned industries, as will be shown in the next chapter (Abdelrahman 2015). Workers further challenged the business community by occupying and self-managing some industrial centers that had been abandoned by businessmen when they went bankrupt (Ibid). As El Mahdi (2011) argued, the new wave of workers' mobilization challenged the moral economy argument, which was premised on the central idea that workers only seek to reinvigorate the populist pact, which entrenched rather than challenged the status quo (Interview with Political Economist 2). As will be shown in the next chapter, Nasserism continued to appeal to some workers in the public sector, but its appeal could not be generalized to the entirety of the working class under Mubarak, as some critics have argued (Interview with Political Economist 2). The generation of new, young, precarious, and temporary workers was not exposed to Nasserism. Moreover, the mobilization described above and several other examples attest to the fact that workers were breaking ties with the moral economy.

In this chapter, I also argued that as a result of the process of accumulation by dispossession it was not only the working class that rose in contention against the neoliberal authoritarianism of Mubarak. It is true that workers inspired other contending social classes, but the struggles of the urban working class captured more local and international media attention compared to the struggles of the urban peripheries and the peasants. I have shown in this chapter that mass mobilization spread out horizontally to reach out to those who were previously considered the backbone of the regime, the civil servants. As they rose in contention, they narrowed the margin of support to the Mubarak regime. Moreover, I argued that while the Egyptian population had been kept under the tight control of an intrusive security apparatus, it was the poor, the working class, and the peasants who confronted the repressive apparatus the most. It was their struggles that were born both from the twin

processes of accumulation by dispossession and policing neoliberalism that widened the margin of oppositional social classes to the regime. On a symbolic level, it was the militancy and the confrontation of these social classes with the security apparatus and the state that brought the slogans of "dignity" and "bread, freedom and social justice" to the streets in the 2011 revolution.

While one cannot ignore the importance of these forms of mobilization and their impact on delegitimizing authoritarian neoliberalism, the Egyptian case, as I have argued, exhibited weak forms of inter-class alliance. Inter-class alliances took shape whether in the course of the strikes (for example, the local communities rising with the working class), or in the course of land reclamation campaigns or in the form of legal activism (the NGOs solidarity with the working class and the peasants), or even during the mass mobilization of the January 25 revolution. However, these inter-class alliances were not sustained and did not lead to a situation wherein various contending social classes viewed their struggles as connected all the time.

This chapter rooted the explanation of a weak inter-class alliance in the absence of enabling factors that could lead to its emergence. First of all, the Egyptian paradox was such that the horizontal decentralized and very militant spread of working-class mobilization and informal organization at the workplace/factories was not tied to a strong alternative institution that reflected working-class militancy at the grassroots level. Although workers remained militant and organized in the informal factory committees, these committees were representative of the formal working class' interests and in some instances they were dissolved as soon as they achieved workers' demands. Furthermore, the EITUF, as will be shown in Chapter 4, became rife with divisions, its leadership was coopted by the military, and for a lot of unionists it did not reflect the militancy of the base. "The base is more militant than the leadership," was one of the main themes highlighted by some of my militant unionist informants (Interview with Suez Unionist). Moreover, the formal and urban working class did not incorporate demands that could have improved conditions for the informal sector, the urban subalterns, or the peasants. My contention is that a strong alternative form of organizing, which could take the shape of an anti-corporatist federation, a party that represented the various social classes, or a social movement, was necessary to mediate such inter-class alliances and impose the working class, the informal sector, the peasants, and the civil servants as bargaining partners on the political and economic elites in post-Mubarak Egypt.

As argued in this chapter and the previous, this vacuum of strong organizing is owed to the fact that Mubarak did not want to leave power and hence left no room for the dispossessed and marginalized classes to politicize and liaise their struggles. It was also due to the weakness of existing political parties and the reluctance of the existing opposition movements and organized religious groups to politicize the class dimension of such struggles. In other words, there was no formal or informal space where such solidarities could translate into an understanding of urban reforms, land reforms, labor reforms, and political reforms as connected and mutually constituted.

Chapter 4: Military Neoliberalism and the Working-class (2011-2016)

> *The workings of neoliberal capitalism are everywhere in the world and the space here is becoming more tight when it comes to working-class issues. We are standing on the very small space left which keeps on shrinking. We are trying to enlarge it and it is not working* (Interview with Founder of the Alexandria Permanent Council and Independent Unionist).

4.1 Introduction

In chapter 3, I argued that a horizontal spread of class struggles inspired the calls for regime change. While the previous chapter, stopped at the social and political mobilization before and during the 18 days revolution, this chapter offers a reading of Egypt's failed transition to democracy. I argue that the militarization of politics in Egypt owes to internal and external factors that impeded effective counter-hegemonic labor organizing and its democratizing potential in post-2011 Egypt. Internal factors include the weakness of the post-Mubarak independent unions, the cooptation of its leadership by the military and its failure to establish strong ties with the militant working-class base. The preoccupation of the anti-corporatist union leaders with the religious/secular divides, signaled a disconnect between the leadership and the base, aborted prospects for the democratization of state and labor relations with dire implications for the capacity of workers to impose themselves as key bargaining partners with the military and the elites. Furthermore, the sustainable alliances between the working-class and other subordinate classes - the peasants, the residents of the urban peripheries and the middle-class – did not see the light.

The analysis of the failed transition to a substantive democracy in Egypt does not stop at the internal/organizational level or the absence of subordinate classes' alliances. At the heart of the argument presented in this chapter is that the Egyptian military played an instrumental role in orchestrating a counter-revolution in order to deepen "military neoliberalism." From this perspective, the transition failed not because the Egyptian working-class did not challenge the dominant classes. Rather, the transition failed because the Egyptian military faced with a militant working-class and a radicalized street resolved to the necessity to pursue a counter-revolution and preempt the implementation of the revolutionary demands for "bread, freedom and social justice." In this regard, the 2013 military coup

against the MB elected president became a necessary precondition to enforce the signing of IMF loan agreements that burdened the poor and the working-class. While neoliberalism persisted under the transitional SCAF and MB rule, neither one of them could fully pursue the internationalization of the economy as they faced a real crisis of legitimacy. Furthermore, the military imposed itself as the key player in post-Mubarak Egypt because it had not lost popular support; in public perception it remained the pride of Egypt.

As it had been illustrated in the previous chapters, the military in post-Mubarak Egypt embraced neoliberalism and was bent on inserting itself in capitalist ventures with the major regional (Gulf capital) and foreign investors in Egypt. It is important to note that this agenda is also in perfect harmony with its regional and international alliances with the Gulf Cooperation Council (GCC) and the USA but this topic, which is an important one remains far beyond the scope of this chapter. As the military assumes political power in post-Mubarak Egypt, the military did not roll back neoliberal policies pursued by Mubarak. It did not nationalize the privatized sectors or return the dismissed workers to their jobs, it did not restore social security or economic redistribution to the lower income, and it maintained the same laws (labor and investment) that led to labor market deregulation under Mubarak. Since general El-Sisi assumed political power in 2014, the military economic policies weighed heavily on Egypt's poor and working class with the number of people living below the national poverty line climbing to 32.5% in 2019 compared to 27.5% in 2015 (Ahram Online 2019).The military had also proven to be a good student of the IMF and WB, it had not only signed the loan agreements but it had implemented their policy recommendations and continued to receive praise (IMF 2019) for the high levels of growth achieved under military rule, fiscal responsibility and the military's capacity to attract investors. The military rule therefore attests that it had drifted from the statism it embraced under Nasserism and that the senior generals transformed into high-powered investors who reemerged at the center stage of economic and political power after being eclipsed by Mubarak's cronies under Mubarak's Egypt.

This chapter advances a political economy approach (PE) to post-2011 Egypt. As it had been discussed in the Introduction of this dissertation, I propose to fill a theoretical gap by assessing the balance of class power not only based on the organizational capacity of the working class (See RSS (1992)) but also from a political economy approach. I argue that examining labor organizing and their inter-class alliances to assess prospects for democracy does not capture how the political economy of post-Mubarak Egypt and how the military undermined the counter-hegemonic potential of working-class organizing. The PE approach

embeds the question of the subordinate and dominant class power in post-Mubarak regimes' strategies and policies. Such policies shape the capacity and opportunities of contending classes in exerting their power and determine their inclusion/exclusion in post-2011 Egypt. It is important to note that given that I was not able to gather interviews from the informal sector and the peasants, as stated in the Introduction, I was also unable to fill this gap with secondary literature on peasants and the informal sector as scholars who have been working on this topic have also put it aside given the constrained political context in Egypt.[73] This chapter acknowledges this gap and that their views are not reflected here.

The chapter illustrates these arguments by analyzing the political economy of Egypt, and its effects on dominant and subordinate classes. It is divided into three sections to illustrate how the first post-Mubarak regimes though adamant on pursuing neoliberal economics were faced with a revolutionary zeal that invited a deepening of militarism. The chapter explains this dilemma by proceeding with an analysis of three periods of time: SCAF's transitional rule (February 2011- June 2012), the Muslim Brotherhood rule (June 2012- June 2013) and El-Sisi's Military regime (2013-Present). The last section is the conclusion.

4.2 SCAF's Transitional Rule

4.2.1 The Political Economy of SCAF (February 2011-June 2012)

After Mubarak's fall, SCAF orchestrated and engineered a transition from Mubarak's regime guaranteeing for the senior and high-ranking generals control over political and economic affairs. SCAF proceeded with caution to implement a series of policies that preserved the neoliberal model, which thrived under the army's clear continuous foreign policy alignment with the USA, Israel, and the Gulf monarchies. The first statements articulated by SCAF provided reassurances for the US and Israeli administrations that the military will continue to honor the Camp David agreement ignoring popular demands to terminate it (EIU reports January 2011-July 2012). SCAF also turned revolutionary demands for bread, freedom and social justice on their head by reassuring the IMF and the USA that Egypt will never return to its populist past and will pursue structural adjustment measures (Ibid). SCAF approached the IMF and the WB twice to secure a 3$ and 4.8 $ billion loans respectively (EIU reports January 2011-July 2012). The negotiations were brought to a halt when media commentators argued that SCAF's transitional government lacked "proper

[73] I had an informal discussion with one of the leading scholars on the informal sector about this topic.

popular mandate to burden Egypt with additional foreign debt" (EIU July 2011, 16). Against this background, SCAF turned to the Gulf Cooperation Council (GCC) and secured aid assistance to pursue locally administered structural adjustment measures (EIU July 2011, 16; Joya 2017).

As soon as SCAF assumed power, the generals continued to face the challenge of a militant and highly mobilized working-class. One month after Mubarak's departure there were already 123 labor protests in various sectors of the economy[74] (civil servants, textile industries, public transportation, petroleum, health services). By the end of 2011, 1400 strikes rocked Egypt (Annex) (A. Alexander and Bassiouny 2014). The apogee of strike action was in September 2011. More than 500 000 teachers and their supporters demanded the sacking of the Mubarak-era education minister, a minimum wage of 1200 EGP, and permanent work contracts for temporary teachers (Interview with Head of the Independent Teachers' Union; (A. Alexander and Bassiouny 2014, 213). The teachers' demands were not parochial; rather they reflected their dismay with a neoliberal model that openly pursued flexible labor market standards. More generally, and under SCAF's transitional rule, workers raised the same unmet demands of the pre-revolutionary phase. However, their militancy became much clearer with a series of strategies that they pursued in the course of their strikes challenging businesses' and the old guards' interests. Workers occupied factories, dismissed their managers and managed their industries. On a more symbolic level, workers raised the demand of *tathir,* the purging of their workplace from corrupt managers associated with Mubarak's ruling party (Ibid). Between March and September 2011, *tathir* figured in 111 protests out of a total of 633 protests and involved 493 600 workers (Ibid). *Tathir* epitomized and echoed their dissatisfaction with the simple departure of the Mubarak regime, which translated with a transition to SCAF rule. The working-class deemed SCAF's transitional rule as "simply changing the face of the regime" (Beinin 2016, 109). Moreover, the purging practice challenged the remnants of the regime and triggered the anxiety of senior generals who were managers of privatized industries and who were accused by workers of corruption and mismanagement (Chapter 3). Workers also called for their right to organize freely and attacked the GEFTU's premises demanding its total dissolution[75] (Interview with labor

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[74] For the documentation on strikes during this period, see the Revolutionary Socialists: https://revsoc.me/workers-farmers/brkn-lgdb-lmly-ywsl-thdyh-lqrrt-lhkm-lskry/

[75] See for example https://revsoc.me/workers-farmers/myt-lml-ytlbwn-bhl-lthd-lrsmy/

journalists 1 and 2). Equally importantly, the working-class expressed dissatisfaction with a system that does not lead to substantive democracy and social justice (Beinin 2016, 110).[76]

In this regard, a mobilized and combative working-class and a pro-labor agenda triggered the anxiety of the generals and challenged their commitment to deepen neoliberalism. The demands for a national minimum wage applied to all sectors including the military industry, the *tathir* practice, the demand for a just labor law, the renationalization of industries, ending the peace accord with Israel as well as union freedoms shook the military's economic, institutional and foreign policy interests. A national minimum wage along with a fair labor law deprived the military of its comparative advantage: the surplus of cheap underpaid and unregulated military conscripts (see Chapter 2). The demands for the renationalization of industries and *tathir* bared senior military generals from their prestigious lifetime careers as managers in privatized SOEs. More so, such court cases risked opening a Pandora's box concerning the military's illicit access to public land and resources that were all key to deepen *Military Inc.*

SCAF responded by adopting carrots and sticks. They inaugurated their rule by mobilizing a state-owned media depicting workers' demands as parochial (*fia'waya*) and undermining economic development (Alexander and Bassiouny 2014, 234). Such statements were wedded to an anti-strike Law (34/2011) which imposed huge fines on an impoverished working-class as a punitive and deterrent measure (Beinin 2016, 111; Joya 2017; Adly 2017, 12; Abdelrahman 2015, 89).[77] As it will be discussed in the next section, SCAF blocked the passage of a new trade union law that guarantees union freedoms and equally importantly, the generals pursued policies to reinvigorate a defunct GETUF and hence tighten rather than dismantle the corporatist siege. SCAF also ordered military conscripts to substitute striking workers in the public transportation sector which proved to be one of the most militant sectors both during and after the revolution to deprive them of their capacity to paralyze the country (Hartshorn 2015).

Furthermore, the generals rushed to silence the working-class by increasing the national minimum wage to 700 EGP (116$) in the public sector from 35 EGP under Mubarak. While doing so, the generals deliberately turned their back to the historical working-class demand for a 1200 EGP national minimum wage, which fueled working-class resistance under Mubarak (Beinin 2016, 114). At a more symbolic level, SCAF's wage policies sent out

[76] Workers' resistance to SCAF rule started very early on. On February 15, 2011, they were still protesting for the renationalization of industries, operating the closed industries and wage increases: https://revsoc.me/workers-farmers/brkn-lgdb-lmly-ywsl-thdyh-lqrrt-lhkm-lskry/

[77] See also the HRW report on the Ban on Strikes under SCAF rule: https://www.hrw.org/news/2011/03/25/egypt-revoke-ban-strikes-demonstrations

a clear message that the generals would implement fully any of the working-class demands as it would risk opening a Pandora's box about the necessity of pursuing the above-mentioned pro-labor agenda that they deemed too threatening to the neoliberal order and their interests.

SCAF cabinets also moved quickly to appeal the Supreme Administrative Court's (SAC) decisions that ordered the renationalization of privatized industries. A renationalization of privatized industries, they argued, would exacerbate the problem of capital flights. By the government's estimates, "there was a massive exodus of capital of around $12.8 billion from Egypt's treasury bill market, the stock market, and the banking system in 2011 and 2012" (Adly 2017, 12). Moreover, the foreign businessmen who were involved in the corruption scandals surrounding privatization deals raised court cases against the Egyptian government incurring huge losses on an ailing economy. Against this background, SCAF moved to pardon "foreign investors caught up in illegal deals 'in return for a moderate fine'" (EIU June 2011, 14). It is important to note that SCAF was only successful in blocking the renationalization process, but they could not pursue the privatization of new SOEs. As is the case for the negotiation of loan agreements SCAF did not enjoy any popular legitimacy to pursue such a controversial step selling public assets brought to a halt under Mubarak's regime amid popular and working-class resistance. In this regard, SCAF could not pursue a deepening of neoliberalism the way it saw best fit to its interests.

As in relation to the local business community, the generals adopted several strategies that were in line with the persistence of neoliberalism. On the one hand, the military marginalized Mubarak's business tycoons from politics by dissolving the ruling party. On the other hand, they made sure to protect their interests given SCAF's long-term economic plan. After all, an attack on big local businesses exacerbated deteriorating economic conditions (Annex) and triggered the anxiety of foreign investors and creditors (EIU July 2011). The best illustration of this strategy is reflected in SCAF's stance on court cases raised against Mubarak's NDP and his business tycoons. In April 2011, SAC charged some ruling party members and business tycoons with long-term prison sentences including Mubarak and his two sons (Adly 2017, 11). A few months later, the military cabinet stepped in to reverse the court's decisions by issuing a decree that pardoned businessmen in return for compensation paid to the state (Ibid; EIPR 2012). In short, SCAF was gradually and surely working to reinvigorate a post-Mubarak Egypt of "business as usual" that confirmed the fears of the Egyptian working-class warning from the very beginning that Mubarak's departure was akin to changing the face of the regime (Beinin 2016, 109).

4.2.2 The Absence of Inter-class alliances and SCAF's strategies of Divide and Rule

I argued in my introduction and theoretical chapter that inter-class alliances are necessary to tip the balance of class power in favor of the poor and the working class. In Egypt, the inter-class alliances occurred occasionally on specific events or strikes but they did not materialize into a sustained form of organizing that can impose the poor and the working class as key bargaining partners in the post-transition phase. The transition in Egypt happened rapidly and spontaneously despite the will of the Mubarak regime. Mubarak was preparing to cement family rule rather than cede power to civilian rule, which withstood the capacity of the struggling classes to coalesce together. Moreover, the independent unions took shape before and after the revolution yet remained rife with divisions (see below), and party formation around such class struggles did not materialize. This owes to a number of factors. Firstly, the forces behind the 2011 revolution were neither prepared nor willing to compete for elections. For example, there was no unanimity among my interviewees from the independent union federations that workers ought to lead the post-Mubarak phase. Some have underscored that workers today are waiting for another revolution to build their capacity anew after having suffered from a severe setback under El Sisi's military regime (see below) (Interview with Former EITUF board member and Giza unionist). While others were adamant on emphasizing that the working-class should lead post-Mubarak Egypt (Founder of the Alexandria Permanent Council and Alexandria Independent Unionist 2016). Moreover and as I have argued in Chapter 3, the working-class, the revolutionary youth and the urban subalterns viewed that a horizontal spread of their struggles was much more defiant to the hierarchical institutionalized form of politics that they associated with Mubarak's authoritarianism (Abdelrahman 2015).

Secondly, SCAF pursued strategies to keep all such classes separated. The first step in the military strategy entailed co-opting the Brotherhood and distancing them from Egyptian streets. The high-ranking MB leaders hail from the upper and middle-class, [78] but the MB also catered to the lower classes through a wide array of social services. Given that the MB is the most organized political actor in post-Mubarak Egypt, SCAF was adamant on keeping the MB separated from other revolutionary forces. The generals were convinced that only the MB could "push through the protection of the army's prerogatives and economic and foreign policy interests" (Stacher 2012 b). Such convictions were reinforced by the Brotherhood's behavior and participation before and during 2011. Under authoritarianism, the MB pursued a

[78] See the Washington Institute Report " The MB Who is Who?" : https://www.washingtoninstitute.org/uploads/WhosWhoInMB.pdf (accessed March 1st 2018)

non-confrontational approach towards Mubarak's authoritarianism (Al Anani 2015; Masoud 2013; Clark 2011; 2012). The reformist MB strategy under authoritarianism shaped its participation in 2011. While protesters filled the streets demanding Mubarak to leave, the MB proceeded with caution and joined them at a later stage. Equally importantly, the MB's logic of reform rather than revolution entailed that they accepted, and supported the neoliberal model (See next section; Dalacoura 2016). This stance reassured the military that the MB will not pursue radical economics and would not tip the balance of class power to support the poor and the working-class. The MB was therefore viewed as a safe ally for SCAF whose primary objective rested on weakening prospects for the rise of a grassroots bottom-up revolutionary alternative. A labor unionist perfectly illustrates this dilemma "SCAF do not want to create any other form of organization except for the MB and SCAF. The two agreed very well and coexisted together for a long period. When their interests diverged, one of them came up and nudged the other" (Interview with the Founder of the Alexandria Permanent Council and Alexandria Independent Unionist).

To guarantee its primacy over post-Mubarak Egypt, SCAF passed the political parties' law that facilitated the recognition of the MB's Freedom and Justice Party (FJP) and its more conservative and previously quietist counterpart, the Salafi[79] Al Nur Party. At the same time, it constrained smaller political organizations from creating their own, and most importantly it challenged the capacity of a labor party to see the light. Under military rule, political parties could only be formed if they solicited support from 5000 members across ten governorates and 300 members in each governorate respectively (EIU April 2011, 14). The new party law privileged large political organizations such as the 80-year-old and well-organized Brotherhood and its Salafi Call counterpart (Al Anani 2015 b). I have previously argued (Chapters 2 and 3) that the MB does not draw from the ranks of the working-class and that its platform is not a working-class platform (See also the next section). Similarly, the Salafi Call's relationship with the workers and the poor is one aimed at keeping them tied to their patronage networks, namely the social services that they provide amid state retreat. However, the Salafi call much like the MB drew from a large number of middle-class professionals and in this respect cannot be deemed as a representative of the poor and the working-class. The Salafi call and its party arm, Al Nur party, have used their networks among the lower classes to solicit support for their Dawa' (preaching) agenda rather than express the workers' and

[79] Salafism refers to an ideology and a trend in Sunni Islamism which advocates the coming to a pristine form of Islam best represented by the rule of the Prophet Mohammed and his three successors (Abu Baker, Omar and Uthman). They rely extensively on a strict reading of the Quran as well as Sunna and Hadith (the life and spoken words of the Prophet). While Salafism can be divided into several categories, it shares a strategy of pursuing Dawa - preaching – to Islamize state and society (See Wagemakers 2015).

poor people's interests. Besides the Brotherhood and Al Nur party that have sidetracked class struggles, the more progressive parties before and after 2011, played no role in supporting the working-class except by "paying them lip service" (Abdelrahman 2015, 90). In this regard, the prospects for a mass party that would translate revolutionary demands and represent subordinate classes could not see the light under SCAF's transitional rule.

More importantly and in exchange for SCAF's recognition and legalization of the MB's work and political participation, the Brotherhood reassured SCAF that it would neither pursue nor support an implementation of radical economics. On Friday sermons following Mubarak's departure, the most influential MB religious leaders insisted on the necessity to support SCAF's ban on strikes (Chafi 2011). Furthermore, the successful cooptation of the Brotherhood by SCAF ensured that the MB refused joining forces protesting military brutality and calling for an immediate transfer of political power to civilian rule (EIU June 2011).

A second step in the military strategy involved keeping the middle-class (The Revolutionary Youth), the residents of the urban peripheries and the formal working-class separated. As one of my interviewees stated "the solution in Egypt would only come about when the two (socio-economic and political) come together as is the case for the 18-day revolt. This explains why all rulers are adamant about keeping them separated. The day this is going to be solved you will see things changing" (Interview with Former EITUF Board Member and Independent Giza Unionist 2016). This specific task was not a very difficult one for the generals. Residents of urban peripheries continued to rise in contention, but they did not link their struggles to the working-class. Their mobilization remained horizontal and did not fit within a strict hierarchy that linked their demands to a sustained form of organization such as neighborhood associations(Abdelrahman 2015).

The middle-class coalesced around the Revolutionary Youth Coalition (RYC) and formed a unified front of disparate factions that came together in Tahrir square. As it had been the case for Kefaya (see Chapter 3), the RYC was made up of an ideologically heterogeneous group of liberals, leftists and some members of the MB youth (Shukrallah 2011; El Gundy 2012). RYC initially undertook steps to negotiate with SCAF but as some noted their main weakness was their failure to articulate a clear plan of action to implement revolutionary demands (Abdelrahman 2015, 84).The RYC chose to disintegrate itself in 2012 when parliamentary elections took place under the pretext that Egypt was preparing to transition to civilian rule (El Gundy 2012).

After Mubarak's departure, the "revolutionary youth," except for a few, internalized and reiterated the military discourse. The mix of middle-class activists with little or no

experience in politics drew from the ranks of small entrepreneurs, businesspeople and managers who benefited from and thrived under Mubarak's neoliberalism or his authoritarian rule (Interview with Political Economist 1; Abdelrahman 2015). More so, their opposition to Mubarak's regime had less to do with neoliberal economics and more with a corrupt implementation of neoliberalism (Interview with Political Economist 1). Therefore their main demands were liberal such as calling for constitutional reforms and political freedoms rather than pursuing social justice (Interview with Labor Journalist 1; Suez unionist; Political Economist 1)

> Let me tell you that the youth movement would put one or two demands from the labor movement's list of demands, but their struggles are not the struggles of the workers; the youth movement's struggles are always political (Interview with Suez unionist).

This led to a general feeling among unionists that youth activists are politically opportunistic and have used the working-class to delegitimize the regime and achieve narrow political demands (Interview with Giza unionist). Such feelings deepened when youth activists "dismissed the important role played by workers during the revolution" (Interview with Labor Lawyer; Land Center for Human Rights and ECESR Report February 2011). In one of his first interviews, the co-founder of April 6 Youth Movement, had openly declared "The workers played no role in the revolution. They were far from it" (Maher quoted in Beinin 2016, 135). According to independent unionists and founders of the EITUF, the youth endorsed SCAF's immediate call to end the strikes and depicted workers' demands as apolitical and parochial (Interview with Giza unionist). More so, only a few activists adopted the workers' agenda, but even in this case workers described them "as sympathizers rather than true allies" (Ibid).[80] Still, other unionists take their sympathy with caution, as they tend to exert a monopoly over the working-class. "Few organizations play an important role, only very few of them, but they also seek to control the labor movement. These organizations should not be speaking in the workers' name" (Interview with Suez Unionist). More so, and while middle-class activists described themselves as "revolutionary," they viewed the subaltern classes including the working-class with contempt. The revolutionary youth represented themselves as the "educated" and "peaceful" protesters contrasting their identity with that of the popular sectors depicted as "vandals" and "infiltrators" (Ismail 2013). After all, the middle-class was equally wary of a structural transformation that would tip the

[80] These included the Revolutionary Socialists, the ECESR (Egyptian Center for Social and Economic Rights), and the CTUWS (Interview with Labor Lawyer).

balance of class power in favor of the poor and the working-class which also challenged their cultural capital but also their upper-class interests (Mandour 2017).

4.2.3 Challenges to the New Labor Organizing: Independent Unions under SCAF Rule

This next section delves into the divisions that rocked the post-2011 unionism and the strategies pursued by the military to neutralize the power of counter-hegemonic labor organizing. After all, new unions could spread horizontally across all sectors of the economy promising a more radical pro-poor and pro-labor agenda, which challenged the military neoliberalism. As on one of my interviewees argued "these (independent unions) are small seeds. If they grow, they will swallow everyone around them. We are talking about 26 million workers" (Interview with Alexandria Unionist). It is worth reminding the reader that founders of Egypt's independent federation described the outburst of independent unions in post-2011 as "a legacy of the revolution, not a legal thing" (Interview with Cairo unionist). The workers declared the establishment of independent unions, which operated de facto without ever being recognized by SCAF. As it will be shown, the juntas delayed the legal recognition of independent unions, which paved the way for aborting this project under El-Sisi's counter-revolution. The following sections examine the divisions that rocked Egypt's independent unionism at a very early stage of the transition as well as military strategies devised to weaken independent labor organizing.

Personalism Divides Egypt's Independent Unions

Following Mubarak's removal, the working-class was emboldened by the critical role that it played in unseating Egypt's dictator. Taking their revolutionary fervor further, workers declared their independent unions and some of them rushed to join the independent federation. As some argued workers "were pursuing a process of revolutionary development rooted in the ongoing struggles which are intended to culminate in a qualitatively new network of proletarian institutions" (Abdelrahman 2015, 87). This revolutionary development was in line with the nature of labor protests and demands that emerged under SCAF rule which on the one hand reflected workers' dissatisfaction with changing the face of the regime and on the other hand sought to bring the revolution to the workplace by purging the shop-floor from ruling party affiliates and creating alternative avenues of workers' representation (see the previous section). It is worth noting that while independent unions flourished in post-Mubarak Egypt and became one of the symbols of working-class militancy, a good number of

my interviewees insisted that the absence of independent unions at the shop-floor level was not synonymous with the absence of militancy. In such cases, the working class continued to struggle the way it did under Mubarak through wildcat strikes to achieve their unmet demands (Interview with Suez unionist; Interview with Labor Journalist 2).

Even when workers succeeded in establishing an independent union, they faced numerous challenges. The most important was acquiring legal recognition under a hostile military rule committed to obliterate independent unions. Equally important is that independent unions were not tied to their base. I argued in my introduction that this is a vital measure of the question of union strength, which transcends the question of union density and representation in critical sectors of the economy. Unions that remained firmly tied to the shop-floor level, and held accountable to their base therefore reduced the likelihood of the bureaucratization of the union leadership. In Egypt, the union leadership namely the leaders of independent federations were transformed into a new union bureaucracy coopted by their relationships with transitioning regimes and international organizations. As they became more bureaucratized and tied to the circles of power, they also became more distant from their base. The consequences of such distancing were dire for implementing a pro-labor agenda and for pursuing a greater democratization of state and labor relations. In this regard, and while independent unions rushed to join independent federations (Chapter 3), their revolutionary aspirations were derailed as they faced an increasingly bureaucratized and divided independent union leadership and a hostile military.

Before investigating the nature of these divisions and how they undermined prospects for counter-hegemonic labor organizing, a map of the post-Mubarak independent federations is in order. The EITUF (Egyptian Independent Trade Union Federation) was created in January 2011 bringing under its umbrella the main independent unions that emerged before and during the revolution. EITUF included the independent union of tax collectors (more than 50 000 members), the pensioners' union, health technicians and school teachers (almost 40 000 members) and consequently a highly middle-class representation within the federation (Alexander and Bassiouny 2014, 240-241). By October 2011, the EITUF declared that it included 72 independent unions representing more than 1 million workers in various sectors of the Egyptian economy out of a labor force of almost 22 million (Ibid, 240-242). But the problems were not only that it was numerically non-representative of the working-class, an investigation of the EITUF suggests that such statements are an exaggeration both regarding numbers and representation (Interview with Labor journalist 2). The EITUF did not include independent unions from the most significant and most strategic textile, steel, and aluminum

industries (Beinin 2016, 111). More importantly, the EITUF was not the only umbrella federation of independent unions; it shared the space with other competing labor federations namely the Egyptian Democratic Labor Council (EDLC). By October 2011, the EDLC declared in a press conference that it had already 300 unions under its wing in various sectors of the economy including the industrial sectors and the services sectors (Ibid, 243).[81] The EDLC remained the number one competitor to the EITUF even though post-Mubarak Egypt also witnessed the proliferation of regional councils. The Alexandria Permanent Council is one example of such councils, which often was in disagreement with the EITUF and the EDLC claiming that they both sought to monopolize the representation of the working-class (Interview with founder of the Alexandria Permanent Council).

The plurality of these federations is not a sign of a healthy labor organizing. It is emblematic of the divisions that rocked the federations at a very critical period impeding the capacity of the working-class to pursue its revolutionary demands. The deep divisions between the EITUF and the EDLC are the most important to consider in this chapter as they made their way to news headlines, came up in most interviews and were acknowledged by the scholarship that examined the post-2011 labor movement (Alexander and Bassiouny 2014; Beinin 2016; Abdelrahman 2015).

The origins of the divisions are rooted in the competition between the two EITUF founders: Kamal Abbas and Kamal Abu Eita (Alexander and Bassiouny 2017; Beinin 2016; Abdelrahman 2015; Interview with Labour Journalist 2). Personalism at a very early stage of the transition process divided the nascent union movement irreparably. In this respect, the EDLC ceded from EITUF only a few months after Mubarak's departure. Abbas pursued this move when Abu Eita prohibited Abbas' CTUWS to control decision-making positions in the newly created EITUF (Beinin 2016, 112-113). Former EITUF administrative committee members argued that the CTUWS is a civil society organization (see chapter 3) not a union and could not claim the representation of the working-class (Interview with Giza unionist). Their cohorts opined that neither one of the two men was committed to greater democratization of state-labor relations. Instead, they used their popularity among workers to carve a successful career in politics (Interview with Former EITUF board members 1 and 2, Labor Journalists 1 and 2). Such voices were highly critical of the leaders' trajectories. In the absence of a workers' party, Abu Eita claimed representation of the working class in the first parliamentary elections running on a slate with the Brotherhood. The latter as it will be shown

[81] For the EDLC creation see: http://gate.ahram.org.eg/News/326830.aspx

were committed to abort a pro-labor agenda. Abbas did not run for elections but was criticized for the "NGOization" of trade unionism creating a situation where complex structural problems such as the question of state and labor relations were transformed into "campaigns" for "trade union freedoms" (Interview with Suez unionist). Critics opined that the "NGOization" of unionism led to the de-radicalization of working-class militants transforming those who benefited from the CTUWS' services into clients for the center and the international community (Interviews with Labor Journalist 2 and 3, Interview with Cairo-based unionist, Suez unionist, Giza unionist, Alexandria Unionist; Alexandre and Bassiouny 2017). According to one of my interviewees, "they (affiliates of the CTUWS) care about getting money and traveling from one place to another for their prestige and for the insignificant prizes that they give them there" (Interview with Alexandria Unionist). However, and as the two leading figures of the EITUF and EDLC gravitated in the world of policymakers, they became bureaucratized and distanced from their militant base. All of this fed into SCAF's strategies of weakening the labor movement and bringing an end to its transformative capacity (Interviews with Suez Unionist; A. Alexandre and Bassiouny 2017; 32-33).

Personalism also closed the doors to an important discussion revolving around the forms of counter-hegemonic organizing in post-2011 Egypt. The EITUF and the EDLC disagreed on the list of priorities and whether the radicalization of the working class should precede their mobilization and organization or whether organization should come first and radicalization would follow. EDLC was a proponent of radicalizing and mobilizing at the shop floor level before creating independent unions (Abdelrahman 2015, 89). While the EITUF was a proponent of a top-down approach that pushed for creating independent unions first and radicalizing the working-class at a later stage (Ibid). Such debates were cutting at the heart of maintaining sustainable union organizing in the face of adverse conditions. As leading scholars argued, it was not too hard to convince the working-class to separate from the corporatist federation (Ibid, 88). The real problem was that even when new unions emerged, the most militant among them remained financially tied to the corporatist federation. Workers had kept all their pension money there, and it became impossible under military rule to transfer them to the new unions. New unions were not recognized by the generals and were starved from resources to support the militant working-class (Interview with Giza unionist).

Resurrecting the Dead: SCAF, the GETUF, and Independent Unions

Under the transitional military rule, the military could not resort to traditional strategies of repression and corporatism to kill the power of counter-hegemonic labor organizing. A more direct repression against the working-class could further antagonize the streets against SCAF. In fact, only a few months into the transitional military rule, the military was no longer perceived as the guardian of the revolution. The Maspero massacre, bloody clashes of Mohammed Mahmoud Street along with the virginity tests used against women turned the streets against them. While large-scale repression against the working-class was not an option for SCAF, the GETUF also could no longer discipline and control the working-class. GETUF came under public scrutiny for its direct involvement in repression against peaceful protesters during the 18 days revolution (Interview with labor journalist 1). Workers attacked its premises and demanded its complete dismantling.[82] The dissolution of the ruling party also delegitimized the federation, which acted as its union arm for years under Mubarak. The GETUF lost many of its members to newly created independent unions (A. Alexandre and Bassiouny 2013, Abdelrahman 2015). SCAF was therefore aware that it could not rely on the corporatist federation to achieve its long-term goals. SCAF's rule was marked by false promises that gave workers the semblance that generals conceded to the demands for freedom of organization and association while pursuing policies to reinvigorate and deepen corporatism.

One of the first steps pursued by SCAF that reflected their anti-labor stances was the appointment of the GETUF treasurer under Mubarak to the position of the Minister of Manpower and Labor. Their decision came under scrutiny by independent unionists forcing SCAF to roll back their decision and appoint a labor lawyer supported by independent unionists (Beinin 2016, 110). However, the new minister of labor was both constrained by SCAF's veto power (see below) and at the same time failed to adopt a confrontational approach. His first decision was limited to dissolve the GETUF's executive board (Ibid). A closer look at the 2006 SAC court rulings suggest that the GETUF elections were fraudulent and that the minister could have dissolved the corporatist federation altogether (Chapter 3).[83] Instead, the minister maintained the GETUF structure and created a temporary executive committee to oversee union operations awaiting the results of new elections. Furthermore, a closer look at the composition of the executive committee shows that his primary concern was to reflect the balance of power rather than push forward a pro-labor agenda. The committee maintained seven members of the GETUF, 13 independent unionists as well as three

[82] For the documentation on the wave of strikes during this period, see the Revolutionary Socialists: https://revsoc.me/workers-farmers/brkn-lgdb-lmly-ywsl-thdyh-lqrrt-lhkm-lskry/
[83] The texts of the court decisions since 2006 are available online in Arabic: http://qadaya.net/?p=4452

Brotherhood representatives who have criticized union freedoms and a plurality of unionism (Hartshorn 2015, 115).

The minister paved the way for workers to establish their independent unions as soon as they handed their papers to the Ministry of Labor. The temporary procedure was framed as a "revolutionary step" (Interview with Former EITUF Board member and labor Unionist, Cairo). However, the minister's incomplete step became subject to abuse by his successors. SCAF left Law 35 of 1976 intact, depriving independent unionists from their capacity to represent workers in collective bargaining procedures and collect membership dues (Interview with Giza unionist; Alexandria Unionist; Adly and Ramadan 2015). This was the most serious problem for independent unionists, starving them from financial resources. One of my informants drives the issue home when she highlights this dilemma "When I am an independent union who can not negotiate on behalf of the employees. I cannot represent them in the National Wages Councils, the Emergency Fund and the Central administration for Collective Bargaining, then why would workers join the union in the first place?" (Interview with Giza Unionist)

Furthermore, when the minister presented a trade union law expressing a commitment to union freedoms, SCAF vetoed the law and shelved it under the pretext that this would fall under the responsibility of a future civilian government (Interview with Labor Journalist 2). The minister finally resigned but more importantly, his last decision contradicted all his self-proclaimed commitment to union freedoms when he dissolved the temporary committee and restored the GETUF board (Beinin 2016, 113). Beinin (2015) suggests he was under pressure from the military and GETUF bureaucracy to reinvigorate the federation. However, the minister who lamented the fact that nothing could be achieved under military rule accepted later on a cabinet portfolio under the 2013 military regime.

The discussion so far showed that by the end of SCAF's term, the prospects for counter-hegemonic labor organizing were grim. SCAF's commitments to pursue neoliberalism were made very clear from the beginning. This had dire implications on the question of the working-class' capacity to organize and consequently on the question of balance of class power. SCAF continued to criminalize labor action and derailed prospects for counter-hegemonic labor organizing. It is important to note however that under SCAF's transitional rule, the military realized the necessity to tolerate working with leftist and Nasserite independent unionists. Recognizing them in order to co-opt them later on was a smart strategy devised by the generals. SCAF turned this same leadership against the

Brotherhood and facilitated the 2013 military coup, a necessary step to deepen the military counter-revolution and neoliberalism (Springborg 2017).

4.3 Pious neoliberalism: The Political Economy of the FJP (July 2012-July 2013)

4.3.1 Pious neoliberalism: The Political Economy of the FJP (July 2012-July 2013)

I argued that SCAF initially sought an alliance with the MB to preempt the radicalization of the Egyptian streets and to undermine the implementation of radical demands for bread, freedom and social justice. The Brotherhood benefited from this alliance to run for presidential and parliamentary elections out of which they emerged as the biggest winners (Masoud 2013; Anani 2015; Wickham 2013). When Mohammed Mursi, the FJP president won the first elections, he inherited an ailing economy (Annex) and a constrained political environment. To this situation, the FJP responded by pursuing a commitment to unpopular structural adjustment policies and a neoliberal model. From the class power perspective, FJP's political economy did not move away from punishing the subordinate classes and privileging capital's interests (see below). A brief overview of Mursi's one year in power illustrates that the president was equally committed to punish and criminalize the formal and informal working-class, ignore their demands and burden the poor with higher taxation and subsidy cuts. At the same time, the FJP's model was initially designed to trickle down the effects of "pious neoliberalism" to a handful of FJP business tycoons. The 2013 military coup quickly reversed such strategies.

The basic tenets of the FJP's neoliberalism were reflected in its electoral platform, *Al Nahda* (Renaissance) [84] crafted by its most famous business tycoon and financier, Kheiret al Shater (Dalacoura 2016; Joya 2018 a). The program engaged the "private sector" in the economy and "opposed nationalization and renationalization" of companies. It promised to provide guarantees for the "protection of private property" (Ibid, 69) and promoted a capitalist model geared towards achieving growth through productive rather than rentier means (Joya 2018 a, Kindle Location 2727). At the heart of the FJP neoliberal program was a commitment to expand the market to privilege the small and medium enterprises (SMEs) dominated by the FJP investors operating mainly in the clothing, furniture and food industries and to insert its own businessmen in megaprojects such as the expansion of the Suez Canal (Joya 2018 a, Kindle Location 2727, Kindle Location 2842). As pertaining to the salient questions of economic redistribution and addressing income inequality in Egypt, one of the most unequal

[84] The text of the Renaissance Program is available online: https://www.uni-marburg.de/cnms/politik/forschung/forschungsproj/islamismus/dokumentation/dokumente/praesidentmursi.pdf

societies in the Arab world, the FJP renaissance program did not move beyond advocating for the attainment of social justice through Islamic Charity *Zakat* and a "100 projects worth US$100bn" geared towards the betterment of poor citizens' conditions. However, the program fell short of determining a clear policy to address income inequality and poverty in a country where almost 25% lived below the poverty line and where the demands for income redistribution figured prominently in the 2011 revolution (EIU August 2012, 4; Joya 2018 a, Kindle Location 2811).

In line with the FJP's neoliberal policies, Mursi re-initiated talks with the IMF and appealed to international creditors. Few months after he assumed power, Mursi and the IMF negotiated to increase the IMF loan to $4.8 billion. The agreement never saw the light of day. At the time of the negotiations in March 2013 and April 2013, there were already 860 and 876 social and economic protests (ECESR 2013, 40; Annex). The working-class alone organized 354 and 371 labor protests respectively demanding the same unfulfilled demands of the previous periods such as a betterment of wages and job security (Ibid, 20). Political instability facing the MB administration urged the IMF to bring such negotiations to a halt. The FJP then turned to its regional allies to secure aid assistance. Turkey and Qatar's diplomatic and financial support were crucial under FJP rule. While Turkey pledged $2 billion in loans; Qatar pledged $3 billion in addition to promising investments worth $18 billion (Ayata 2015, 105).

In line with its neoliberal model, the FJP pursued policies that continued to lay the burden on the poor and the working-class, banned informal work, criminalized strikes and pursued alliances with local and international capital. Mursi cut food subsidies, increased consumption taxation, and shelved progressive taxation (Joya 2017, 349). He also issued a presidential decree raising taxes on 50 essential goods "including housing, transportation, and medical care" (Ibid). It was only under popular pressure that he was forced to roll back his decision. Furthermore and even though the FJP's electoral program promised a decent minimum wage, Mursi's term was synonymous with the policies of his predecessors. Like SCAF, he tamed public sector employees by increasing their salaries by 15% and refrained from implementing salary increases in the private sector (EIU July 2012, 5). FJP's term was also synonymous with an assault on both the formal and the informal working-class. One of the few laws that Mursi passed tightened the government's grip over Egypt's informal economy as well as laws that criminalized strikes. To this end, Mursi imposed a five-year prison sentence on street vendors, renewed the emergency law and SCAF's ban on strikes, issued a ban on all forms of labor organizing inside ministries, and issued the "Law to Protect the Revolution" equating workers with the "enemies of the revolution" (CTUWS 2012).

Despite Mursi's reassurances to capital, he was unsuccessful in appealing to the business community. With his rise to power, some of FJP businessmen tried to exert monopolies over the Egyptian market. However, such attempts were aborted by the 2013 military coup (Adly 2017). Mursi also took several steps to appeal to Mubarak's businessmen (Adly 2017, 14). He established the Egyptian Business Development Association (EBDA) to assist the FJP administration in the reconciliation process with the Mubarak businessmen who were not involved in corruption and encouraged foreign investments (Ibid, 15). One of the examples illustrating this conciliatory approach is when he visited China accompanied by FJP businessmen and Mubarak's businessmen (Interview with Cairo unionist). However, the FJP strategy failed to draw Mubarak's business community entirely to his side. In fact, Mursi antagonized big business tycoons accusing some of them of tax evasions whenever they criticized his "authoritarian" style of rule and important business tycoons such as the famous Sawiras had channeled funds to finance the 2013 campaign that supported his removal from power.

As will be shown in the following section, the FJP appealed to the military and to the old guards and as it had been shown, the Brotherhood did not drift away from neoliberalism. Rather they sought to promote themselves as the ones capable of ensuring a cleaner version of developmental rather than rentier capitalism. However, the FJP's attempt to realign Egypt at the regional level and to place it under the Turkish and Qatari influence rather than the GCC and the KSA and UAE in particular, combined with their efforts to insert the pious MB business community As it did so, it also sought to expand the involvement of its own businessmen in the economy and at the same time eclipsed Mubarak's cronies and the military from the post-Mubarak megaprojects (Joya 2018 a, Kindle Location 2842).

4.3.2 The FJP's alliances, and The Road to Political Isolation

The FJP's neoliberal economic agenda was also reflected in the political alliances that it pursued at the domestic level. The FJP turned its back on the revolutionary forces and cemented its alliance with the military, the internal security forces and its conservative competitor, the Salafi Nur party. Moreover, the Brotherhood appeased the military at a time when the latter was showing signs of abandoning the FJP and was already pushing for its political isolation to legitimate the 2013 coup. The FJP's continued commitment to pursue neoliberal economics amid a political environment conducive to its political isolation became a recipe for disaster and sat the stage for the 2013 military coup.

This political isolation resulted from several factors: the constrained context inherited from SCAF, the FJP's inexperience in governing the country and the nature of its shaky

alliances (al-Anani 2015). When Mursi was elected, SCAF ordered the Supreme Constitutional Court (SCC) to dissolve the Brotherhood controlled lower-house (Springborg 2018). The military designed "a weak presidency and robbed it from other elected institutions or a constitution that might support it" (Stacher 2012). SCAF's strategy aimed at subverting prospects for the Brotherhood to monopolize power in post-Mubarak Egypt. Its decisions forced Mursi to centralize power to be able to govern (Ibid). While the military could escape with almost no scrutiny of its overt manipulation of the rules of the game, it succeeded in projecting the image that Mursi is Egypt's new Mubarak (Ibid).

According to many, the FJP missed a golden opportunity as when it sided with the deep state (the military, the security apparatus and Mubarak's old guards) and its competitors, the conservative Salafi *Nur* party (Interview with Labor Lawyer, Journalist 1). Furthermore, restrictive measures[85] under Mursi along with his November 2012 decree sent the message that the FJP was committed to centralize power and to the *Brotherhoodization* of the state (*Akhwanat al Dawla*). *Brotherhoodization* became synonymous with maintaining the authoritarian structure intact and appointing the FJP members to key decision-making positions in the state bureaucracy (Wickham 2013; Joya 2018 a; Interview with Labor Lawyer). This situation worsened when Mursi passed his controversial constitutional declaration, which made any presidential decision exempt from any judicial review, which consequently turned many against the FJP.[86] In fact, the MB was seen as "power grabbers rather than power sharers" (Joya 2018 a, Kindle Location 2842).

Even though there were visible signs that the military had already turned its back on the FJP when Mursi assumed power, the FJP continued to appeal to the military while antagonizing leftists, liberals, and Nasserites (al-Anani 2015; Wickham 2013). Mursi appeased the military by shelving the issue of civilian oversight over the military budget and preserving the military courts for civilians (Ibid). The most important concession awarded to the military took the form of constitutional guarantees for the military's autonomy, which gave the military-dominated National Defense council unprecedented privileges (Springborg 2018). The FJP did not only make concessions to the deep state, but it also dropped vital revolutionary demands such as the issue of police reforms. While doing so, the FJP further antagonized the streets (al-Anani 2015).

Liberals, the Nasserites, and the leftists also criticized the FJP and Mursi for cementing the alliance with the *Salafi* Nur Party and marginalizing them from the ruling

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of intimidation and assaults on women, Coptic Christians, and Shi῾ite Muslims, and several incidents in which the regime attacked anti-Mursi protesters » (Wickham 2013, 294).
ded to dissolve the commission » fueled opposition asking him to rescind his decision (Wickham 2013, 294).

coalition. While Mursi reassured in his public speeches that he was committed to protect the revolutionary but his promises fell on deaf ears. The FJP betrayed liberals, leftists, and Nasserites. They argued that the FJP utilized their support while running for parliamentary and presidential elections to neutralize Mubarak's old guards (Wickham 2013, 293). Furthermore, the FJP was criticized for protecting the 2012 constitution opening a Pandora's box on whether Islamic Sharia law is the source of legislation in Egypt. The most important implication of all such debates is that the FJP's term shifted focus from revolutionary demands of bread, freedom and social justice to questions of Islamization and secularism, which never figured in the Egyptian streets.

4.3.3 The FJP, Unions and the Working-class

In the previous section, I analyzed the political economy of the FJP. I showed that despite its commitment to pursue neoliberal economics and appease the business community and the military, it failed to achieve its objectives. In addition, the FJP antagonized broad sectors of the working-class. While this has to be read in line with its quest to pursue neoliberal economics, the FJP also came under public scrutiny for pursuing a *Brotherhoodization* of the labor movement, the way it sought to pursue similar policies vis-a-vis the Egyptian bureaucracy at large (Interview with Labor Lawyer, Labor Journalist 1, Giza unionist).

Mursi's choice of the Minister of Labor and Manpower, Khaled Al Azhari, signaled that the FJP was adamant on tightening its grip over the working-class. The question of union pluralism triggered FJP anxiety as it called into question their monopolies over professional syndicates. Consequently, the president and the minister of labor kept a 1976 trade union law intact and emptied the abovementioned trade union law from its content (Interview with Cairo unionist).

Furthermore, according to many independent unionists, union elections were overdue since 2011. Mursi's move to appoint a non-elected board to rule over union affairs raised the ire of the independent unionists. The latter argued that the ritual, to prolong the term of the GETUF by presidential decree, was practiced by successive leaders to gain control over the federation and the working-class (Interview with Giza Unionist). "Their logic went as follows: the GETUF is for those who are in power, and since we (FJP) are in power, this federation should belong to us (the FJP)" (Ibid).

The most controversial aspect was the FJP's quest to pursue *Brotherhoodization* at the

level of the GETUF (Interview with Labor Lawyer; Giza Unionist). Mursi issued two presidential decrees extending the GETUF board's term for six months, dismissed union leaders over the age of 60 and appointed FJP members who were alien to unionism and the working-class (including the FJP minister of manpower) (Interview with Giza Unionist; Suez unionist, CTUWS 2012).

The divided independent union leadership unified their position for the first time since SCAF's rule to express their dismay with such strategies. Both the EITUF and EDLC launched a campaign "against the *Brotherhoodization* of trade unionism" and called for dismissing the current minister (Maher 2012). The GETUF leaders who were equally antagonized by FJP policies accepted to bargain with the minister of labor. At the heart of the bargain between Mubarak's men and the FJP was the commitment by the minister to leave some of Mubarak's corrupt leaders in their position of power. In return, the GETUF did not resist the FJP policies. Mubarak's men accepted the bargain "otherwise; they would risk landing in jail" (Interview with Giza unionist).

Furthermore, the 2012 FJP constitution dismissed working class demands. While the GETUF remained silent, the EITUF criticized FJP's monopoly over workers' representation in the constitutional committee and the failure to provide real protection for the working-class. To start with, the committee in charge of drafting the constitution did not include one representative of the working-class. Rather, workers' representation remained a prerogative of the Minister of Labor. On issues relating to workers' rights, the 2012 constitution copied the 1971 constitution (effective under Sadat and Mubarak). Independent unionists criticized how calculating a minimum wage was tied to productivity instead of costs of living and inflation. This practice, they argued, continued to lay the burden on workers rather than investors. The constitution recognized the right to strike and left it for legislation to regulate this right. However, the FJP legislation criminalized and banned strikes (Ibid). Independent unionists also criticized the set of incentives and guarantees given to capital in the constitution reiterating a commitment to the 1971 constitution (EITUF 2012; CTUWS 2012). While none of this contradicts the FJP electoral program, it came to the surprise of many who expected more of the first democratically elected president and parliament who pledged to protect the revolutionary demands.

While appealing to investors, the FJP preserved the 2003 labor law. Along with a ban on strikes, and in the absence of a new trade union law, the FJP gave the upper hand to entrepreneurs to discipline workers. For example, entrepreneurs in the private sector either implemented partially or did not implement Mursi's 15% salary increase, which ignited labor

resistance. Furthermore, owners of businesses responded by mobilizing to their advantage the anti-strike law and dismissing militants (CTUWS 2012). When new independent unions were created, unionists sent their papers to the Ministry of Manpower to find themselves being spied upon by the ministry, the security apparatus, and businesses.

In most cases, the minister informed businessmen that workers were preparing to organize, leading to severe measures against them. Some were dismissed and were replaced by MB loyalists (Interview with Cairo-based unionist). Others were transferred to another plant (CTUWS 2012). Still others bore the brunt of police brutality (Interview with Cairo-based unionist).

One year of FJP rule was enough to disappoint and exhaust the Egyptian working-class (Interviews with Giza unionist; Cairo unionist; Labor Journalist 1). While workers initially opted to give the newly elected president a chance of 100 days, they started to mobilize shortly after seeing that none of their demands were met. As some argued

> He did not suggest one law. The law on freedom of association that we suggested before the FJP came to power was shelved and emptied from its content. He could have activated the wages council, but he did not. He could have launched a discussion about the minimum and the maximum wage, and he did not. He could have suggested something concerning inflation, but he did not. What he did instead is that he legalized for things related to Islamic Sharia. Do we increase or decrease the legal marriage age of a nine-year-old? Is he stupid or what? Is he legalizing the rape of a child? (Interview with Cairo unionist and former EITUF board member)

Workers found themselves striking to purse the same unfulfilled demands under Mubarak. As one of my interviewees argued, “the MB was very busy in standing against the labor strikes, but the strikes were too large to be contained easily” (Interview with Suez unionist). By 2013, 2239 labor actions were recorded reaching their highest levels since 2003 (ECESR 2015). Workers demanded the betterment of the minimum wage, the implementation of court decisions concerning the renationalization of industries, fixed contracts, financial allowances and incentives, and the right to freedom of organizing and association (ECESR 2015; CTUWS 2012). According to one of my interviewees, the “change was not qualitative but quantitative. It was not necessarily aimed at the political structure but at achieving the unfulfilled social and economic demands” (Interview with Labor journalist 1). Workers like everyone else were tired of Mursi and the FJP policies (Interview with Giza unionist) and took part in the 2013 anti-Mursi protests. However, some have argued that the 2013 working-

class participation was not comparable to 2011 “it was not like 2011. It was not the same demands and not the same energy and not the same courage and boldness. It was a state-sponsored coup” (Interview with Labor Journalist 2).

Furthermore, the leaders of the independent unions politicized workers’ struggles to legitimize the military coup and cement Sisi’s military rule. Abu Eita, former EITUF president, “welcomed mass protests mobilized by the *Tamarud* movement on June 30,[87] and supported the role played by the military in giving Mursi an ultimatum that forced him out of office” (Charbel 2013 a). *Tamarud* gathered 22 million supporters and called for early presidential elections and Mursi’s removal. The acceptance of the independent union leaders to take part in the *Tamarud* campaign entailed that they internalized that the main issues at stake under the FJP was the *Brotherhoodization* of the state rather than the persistence of neoliberalism. Abu Eita and the strong public sector’s main concern was the fear of losing their tenured jobs to FJP loyalists. In addition, the leadership, which continued to be disconnected from the shop floor, failed to articulate and represent the real struggles of the working class and their resentment towards the FJP’s neoliberal economics. The result was that the independent union leadership manipulated the working-class to achieve its narrow political objectives.

4.4 El-Sisi’s Military Neoliberalism

4.4.1 El-Sisi’s Counter-Revolution: Delegative Militarism as a precondition for the deepening of military neoliberalism

I argued that both SCAF and Mursi tried to bring back Egypt on a neoliberal track but failed to formalize the process. The signing of the loan agreements with both the IMF and the WB never saw the light. Both the Brotherhood and SCAF lost popular support and legitimacy and the capacity to burden Egyptian citizens with further loans. It is against this background that the following section offers a reading of Abdel Fatah El-Sisi’s military coup, which became a precondition for the deepening of military neoliberalism. In this regard, El-Sisi’s counter-revolution was a necessary step to pursue unpopular structural adjustment in post-Mubarak Egypt. Unlike SCAF and Mursi, El-Sisi presented himself as officially delegated by Egyptian citizens (except the MB and its supporters) to end Egypt’s political and economic crisis. That question of the popular delegation was a crucial first step for El-Sisi to overcome the roadblocks that undermined his predecessor’s way to formalize loan agreements with the

[87] Tamarud is a movement that sought to emulate the 2011 revolution. It sat for itself the objective of gathering more than 22 million signatures, organizing mass protests and forcing Mursi out of office while calling for another term of presidential elections

IMF.

Securing this popular legitimacy by undemocratic means took shape when El-Sisi and the military intelligence services supported the *Tamarud* campaign and facilitated *Tamarud*'s financing by GCC (minus Qatar) money and local businesses (Adly 2017). On top of the important regional and international support, media circles and intellectuals depicted the coup as Egypt's victorious moment only second to Egypt's 1973 victory against Israel. The analogy with the 1973 war is an important one. In the wake of the 1973 war, Sadat launched liberalization policies amid public discontent and resistance. From this perspective, the 2013 coup promised to initiate harsh structural adjustment measures under military rule. While emerging as a national hero and after winning the landslide victory in the 2014 presidential elections, El-Sisi depicted himself as a savior promising structural adjustment to save an ailing economy (Joya 2017).

El-Sisi's counter-revolution and neoliberal militarism received broad support from GCC countries (minus Qatar), the USA and Europe. El-Sisi broke the international community's siege, imposed on the FJP under Mursi's mandate (EIU June 2012-June 2013). The GCC (except Qatar) rushed to channel $12 billion in less than 24 hours following the 2013 coup. By 2015, the amount of GCC aid reached $20 billion (Marshall 2015). When oil prices plummeted, and GCC aid dried, the IMF stepped in to award El-Sisi's Egypt with a $12 billion agreement, the largest in the institution's history, and which officially set Egypt back on a neoliberal track after years of failed negotiations (Adly 2016).

To pursue the implementation of unpopular policies, El-Sisi inaugurated his term with the *Rabaa* massacre, killing more than 800 FJP supporters by the security forces and the army. The MB leadership were convicted of various charges including corruption and terrorism; they were given long prison or death sentences and their assets were frozen (Joya 2018 a, Kindle Location 2842). The FJP social institutions and facilities were closed (Ibid, Kindle Location 2857) and a year later a court ruling ordered the dissolution of the FJP (Ibid). The violence and the criminalization perpetrated against the MB were used by El-Sisi to tame all forms of resistance to his neoliberal policies and to launch a frontal attack on the revolutionary forces (Interview with Political Economist 1, 2, Labor Journalists 1, 2 and Cairo-based Unionist). In no time, the association between the January 25 uprising and the Brotherhood made its way to media circles. The state-controlled media did not wane from depicting the January 25 as *Amal Ikhwani* (the work of the brotherhood). Furthermore, anyone who dared to challenge the military regime was immediately labeled as *Ikhwani* (a Brotherhood member) no matter his ideological affiliations (Interview with Cairo unionist).

To further undermine social and political resistance to neoliberal policies, El-Sisi renewed the emergency law. He also issued a ban on protests, and a ban on strikes in all vital facilities, (Interview with Cairo-based unionist), reinvigorated military courts where innocent civilians could face up to death sentences, built new prisons to accommodate an increasing number of political prisoners and pursued a deliberate attack on civil society organizations (HRW 2014; AI 2018). By 2016, Egypt ranked the 6th country with the most significant number of executions and a large prison population out of which a little bit more than 60 000 are political prisoners (Middle East Monitor 2016). Furthermore, the small group of youth activists who expressed solidarity with workers faced long prison sentences.[88] Moreover, the working-class lost the safe spaces that provided them with legal support when El-Sisi signed a new law giving broad powers for the authorities to tighten the security grip over civil society organizations (Amnesty International 2017; 2018). Many centers that once catered to workers closed their doors fearing the security crackdown. Furthermore and while the revolutionary forces languish behind bars, Mubarak who was sentenced in 2012 to life in prison, was acquitted of charges and released (Narayan 2017).

The internal security services who had come under powerful critic by the revolutionary forces, for their record in humiliating citizens under Mubarak were given a broad mandate to spy, detain and torture activists under El-Sisi (HRW 2018; The Guardian 2017). At the same time, the military intelligence pushed to a secondary role since Sadat, was ordered to oversee the work of other intelligence sectors. Today, it orchestrates and intervenes in local and foreign politics more than ever (Springborg 2018). For example, El-Sisi involved the military in bringing together parliamentary candidates under a military-backed list ("For the Love of Egypt") (Ibid). The expansion of an intrusive security and military apparatus, one that served El-Sisi to terrorize and deter the streets, benefited from the support of the USA and European countries (Germany, France, the UK, and Italy) (Shama 2017). By 2015, Egypt ranked the fourth largest recipient of weapons in the world and the twelfth largest military in the world (Ibid). All such strategies increased the capacity of El-Sisi to undermine prospects for class mobilization.

4.4.2 Deepening Military Neoliberalism

Military neoliberalism under El-Sisi did not only invite painful structural adjustment measures that deeply hurt the poor, but it transformed the relationship between the military

[88] To name but a few, this is the case of Alexandrian lawyer and activist Mahinour el Masry, the April 6th activists such as name missing here and Zizo Abdo, and the Labor Lawyer Haitham Mohamedeen.

state and subordinate classes (the poor and the formal working-class). Under military neoliberalism, the poor were now under tight surveillance by an expanding military intruding in every aspect of their lives. At the same time, the formal working-class was turned into surplus labor when military conscripts substituted it, and Military Inc eclipsed business tycoons. El-Sisi, therefore, displaced Mubarak's police state to entrench a military state where his generals reaped the benefits of neoliberal economics inserting themselves in global networks of cooperation with regional and transnational capital.

El-Sisi presented painful structural adjustment measures as necessary to save an ailing economy. Cutting public spending, devaluating the currency, liberalizing prices and introducing a VAT system became the order of the day (Joya 2017). The erosion of the real value of wages took shape amid El-Sisi's commitment to devaluate the currency and deal away with the problem of declining foreign reserves. By 2018, one dollar was equivalent to 17.84 EGP. Inflation climbed from 9.4% in 2013 to reach its highest levels in 2017 of 29.5% and consumed the income of the poor and the working class (Annex).

Furthermore, El-Sisi introduced the Value Added Tax and maintained a non-progressive income tax hurting low-income wage earners (ECESR 2013, 2; EIPR 2018; 9). A 2018 EIPR report stated, "there is no trend to increase the tax burden of corporations or taxes on wealth and higher incomes or impose fairer taxes such as a tax on real-estate wealth, and a tax on available apartments" (Ibid). Furthermore, El-Sisi liberalized fuel prices and reduced fuel subsidies. The price hikes hurt the average citizen and shielded energy-intensive industries. In fact, "the allocations for subsidies on petroleum products increased threefold in the fiscal year 2017–18 due to currency devaluation" benefiting mostly energy-intensive firms (EIPR 2018, 10).

To contain the streets and a revolution by the poor, El-Sisi stepped up some programs aimed at low-income families. In collaboration with the World Bank, El-Sisi maintained a program by the ministry of social affairs and launched two cash transfer programs (*Takaful* (Solidarity) and *Karama* (Dignity)) aimed at the elderly and the disabled. The cash transfer programs remained limited in scope covering a total of 6 million Egyptians (out of a population of 95 million). Moreover, the symbolic cash transfers (325 EGP monthly allowance) were far below the poverty line (1000 EGP in 2017) (EIPR 2018). To tighten the surveillance over the poor, El-Sisi ordered the regulation of the subsidy program through a new card-system produced and regulated by the ministry of military production. The ministry was therefore charged with data gathering and decisions over who could receive access to the new subsidies thus entrenching the capacity of the military to reward supporters and punish

defectors (Noll 2017, 5). To further tame the streets, he ordered the expansion of the military's civilian production and involvement in mega-projects aimed at lower-income groups. In the context of currency devaluation and price inflation, he ordered the military to step in, increase the production of its cheap food items and expand the military-owned supermarket chains to poor neighborhoods (Ibid, 3). Furthermore and in cooperation with Gulf countries, the military became involved in a project of social housing for low-income groups, the expansion of the Suez Canal, infrastructure projects, and the building of a new capital city outside Cairo (Marshall 2015; Adly 2017).

However, all such projects were not tied to job creation as the unemployment level continued to climb under his mandate (Annex). In addition to tax exemption, the military economy benefited from "free land, free labor, and free resources" (Interview with Political Economist 1). El-Sisi substituted the civilian workers with a demobilized working-class of more than 300 000 military conscripts. Conscription is mandatory in Egypt and served the purpose of expanding the military's businesses by recruiting a docile, disciplined and cheap labor force (Springborg 2018). This substitution process silenced the formal working-class, reduced their density at the military-run industries and undermined their capacity to organize and mobilize.

Furthermore, El-Sisi turned his back on the working-class demands for the renationalization of privatized industries. Instead, El-Sisi ordered the minister of the workforce to increase support for the Emergency Fund created under Mubarak in 2002 and linked to the Ministry of Manpower to mitigate the impact of privatization and closing businesses on the working-class.[89] By expanding financial compensation for the workers who lost their jobs as a result of privatization, El Sisi exacerbated the unemployment problem, which reached its highest levels under his term (Annex). Once again, the implications for formal working-class organizing under El-Sisi were dire. Not only the working-class was under a tight military siege, its relationship to the "military economy," was radically transformed. That surplus labor power was either forced to immigrate to neighboring countries or to join the ranks of the unemployed and the informal sector.

As neoliberalism is a class power project that privileges the interests of the business community, El-Sisi continued to appeal to private capital. The general was well aware that the private sector was "too big to fail" (Adly 2017). It controlled the most significant share of agriculture, manufacturing, tourism, telecommunications, construction, transportation,

[89] See The Democracy Barometer Report in Arabic (Accessed March 1, 2018): https://demometer.blogspot.com/2017/04/744-2016-2017.html

wholesale trade and real estate (Adly 2017; 6). In this regard, a new investment law was passed awarding capital a variety of incentives including tax breaks and guarantees against renationalization (Joya 2017; Adly 2017). Furthermore, the taxation system maintained a corporate flat tax rate of 25%, one of the lowest according to the WB (ECESR 2013, 3). After years of being brought to a halt by workers' resistance, El-Sisi reinvigorated privatization by inviting public-private partnerships in different sectors of the economy (Joya 2017, 352). However, this relationship between the military and the business community became strained with the expansion of the military economy. El-Sisi repetitively reassured businesspeople that the expansion of the military economy would last for two to three years and that the military's share of the GDP does not exceed 2% (Noll 2017). The relationship worsened when the general suggested that big businesses donate part of their wealth to a fund created by the president to support public works project. To his disappointment, by the end of 2016, "the fund only secured 6 billion EGP causing tensions between the political leadership and large businesses" (Adly 2017, 18).

4.4.3 Cooptation of the Independent Unions and the Reinvigoration of the GEFTU

Besides entrenching the iron fist, which played an important role in deepening neoliberalism, restructuring the relations of production, and silencing the working-class and the revolutionary youth, El-Sisi upgraded new strategies to neutralize the fragmented independent union federations. The effects on the working-class were dire. Not only the cooptation of the independent leadership cemented military neoliberalism, but it also demoralized the working-class "making them lose faith with their leadership" (Interview with Giza unionist). El-Sisi appointed the two Kamals to decision-making positions turning them into his "yes" men only on par with the leaders of the corporatist union. Abu Eita was appointed a minister of the workforce and Abbas was named to the National Council of Human Rights (Adly and Ramadan 2015). Such cooptation guaranteed that the two would drop pursuing the democratization of state and labor relations or putting pressure for the recognition of the independent unions.

As the new minister of labor, Abu Eita moved swiftly to delegitimize the independent unions that he had created. He also followed the MB's strategy purging the GETUF from his enemies and appointing loyalists from the Nasserite *Karama* party (Charbel 2013). Moreover, and as soon as the military staged its coup, Abu Eita immediately called workers "to forfeit their right to strike" and give the military regime a chance (Ibid; Beinin 2016, 118-119).

Whenever workers did not concede to such demands, the minister broke strikes and sided with businessmen. For example, he ordered police officers to intimidate *Petrojet* workers (Interview with Cairo unionist) and watched the military brutally end a strike in the Suez steel industry (Interview with Suez unionist). More worrisome, Abu Eita was keen on adopting and reproducing the state's discourse depicting workers as being used and manipulated by the Brotherhood to destabilize the country (Interview with Suez unionist). Abu Eita along with a coopted leftist, Nasserite, and liberal leadership played an instrumental role in mobilizing the working class to support the 2014 constitution, which gave unprecedented privileges to the military and reinvigorated military courts against the working-class.

> The liberals, the leftists, and the Nasserites were all against Mursi and his constitution. They were the ones to mobilize unionists and ask them to vote for the 2014 constitution. Abu Eita was traveling around and attending conferences and convincing workers to vote for the constitution. The communist party was defending the 2014 constitution although it seriously violated the rights of the working-class (Interview with Giza unionist).

In the 2014 constitutional committee, only two people represented workers. Both were regime loyalists drawing from a defunct corporatist federation and the security apparatus (Adly and Ramadan 2015). [90] The 2014 constitution erased the 51% quota for workers and peasants in the parliament and removed the Social and Economic Council (Interview with Giza Unionist). Although pro-regime incumbents controlled the quota, critics argued, "instead of removing this quota what you need to do is simply to prohibit the retired generals from running for elections" (Interview with Cairo unionist).

After co-opting the independent leadership, the military moved to appropriate the EITUF. In post-2013 Egypt, the EITUF's administrative board was completely controlled by the security and military. The president hailed from the military institution, and the secretary general was affiliated with the security apparatus (Interview with Cairo unionist). Moreover, they have both made their way to power through vote buying, a practice that mirrors a general significant trend in the country.

> He (the president) bought the votes. He was generous, so he used to spend money, and everyone loved him. When he ran for elections he used to win because this is the

[90] These were Gabali al Maraghi, the head of the GETUF charged with corruption scandals and Ahmad Khairi who deemed by independent unionist as a member of the "security apparatus" policing workers.

degree of consciousness, he does not have a program per se and thinks with the old mentality, and this is how he gathered support (Ibid).

This infiltration by the security apparatus owes to the EITUF's open door policy, which paved the way for an independent union to join its ranks leading some unions affiliated with the security apparatus, non-existent unions, and paper unions to infiltrate the structure (Interview with Labor Journalist 2 and Cairo-based Unionist and Former EITUF board member). At the same time, the militant leadership of the EITUF, which expressed a real commitment to the democratization of state and labor relations, was gradually marginalized from decision-making circles or was forced to resign (Interview with Labor Journalist 1 and 2; Cairo-based unionist).

Like the corporatist federation, the EITUF now reproduces the state discourse and entrenches military neoliberalism paving the way for El-Sisi to deprive workers of their fundamental rights including the right to organize and the right to strike (Interview with Labour Journalist 1). The EITUF was among those who provided unconditional support to El-Sisi's campaign and supported his electoral objectives of "violence and terrorism" (Beinin 2016, 119), which later on was used not only against the MB but to undermine any forms of resistance to his rule including worker's militancy. In post-2013, the EITUF openly endorsed El-Sisi's presidential campaigns and his austerity measures laying the burden on the working-class (Mahsoub 2017).

The EDLC was immune to infiltration by informants and the security apparatus, which owes to the strategies of its founders. Abbas imposed a precondition for joining the EDLC by pursuing building strong ties at the base level (Abduallah 2017). However, Abbas and the CTUWS took controversial stances. They criticized the continuous assault on workers and monitored violations under military rule but avoided criticizing the president. Moreover, when the Supreme Court issued a decision that imposed on workers obedience to the president, neither the EITUF nor the EDLC opposed the decision (Beinin 2016).

Despite the cooptation of the EITUF leadership and the weakening of independent unions, the regime could not transform the EITUF into its union arm. By the end of the day, the EITUF incorporated under its independent umbrella unions "created by workers and not the state" (Interview with Labor Journalist 1). In this regard, El-Sisi moved quickly to reinvigorate the state-created GETUF federation. El-Sisi met with GETUF leaders to garner their support in the lead up to the presidential elections. The latter responded that "the federation will campaign for the field marshal, and offered El-Sisi to use its premises and

offices" (Ibid). As soon as he was elected, El-Sisi prolonged the GETUF board's term by presidential decree and postponed overdue elections. The 1976 trade union law was amended once again to prolong the term of military loyalist senior leaders.

Furthermore, labor representatives elected to the 2015 parliament hailed from GETUF ranks. They made their way to the parliament by running on El-Sisi's list "For the Love of Egypt" and colonized the Manpower Committee responsible for crafting the civil service law, the labor law, and the trade union law. Throughout their tenure, they acted as a safety valve for the passage of controversial policies serving the investors' interests. El-Sisi then used the GETUF to open court cases against independent unions in an attempt to officially delegitimize them (Charbel 2016). The court cases were finally dropped when leaders of the two federations: the EITUF and GETUF "unified" the ranks of what they both deemed a "fragmented" labor movement leading one of my informants to argue that the two federations are resembling each other (Interview with Labor Journalist 1).

The parliament also passed a new trade union law 213 of 2017. The law presented by the Manpower Committee in the Parliament headed and chaired by GETUF imposed stringent conditions on the creation of new unions and entrenched the power of the GETUF. The 2017 law kept the GETUF intact and ordered dissolving independent unions to recreate them in compliance with the new requirements. This step laid the foundations for reintegrating the independent unions within the existing state-controlled unions. The new law constrains freedom of association as it imposes stringent measures on the creation of new unions. Article 11 stipulates that for a union to be legally recognized it ought to gather 150 workers/industry or workplace, which barred the majority of workers in small and medium enterprises to establish their own.

"We are Under Siege:" The Militant Working-Class under Military Neoliberalism

The regime improved its surveillance strategy and imposed a tight siege on militants at the shop floor level. A labor activist no matter his identity would be immediately flagged as *Ikhwani* (a member of the brotherhood) to legitimize the punitive measures taken against him. When labor action under military rule involved a larger collectivity, the military mobilized military courts to discipline the working-class. Article 204 of the 2014 Constitution gave a broad mandate for the military to bring innocent civilians to trial if they organized for a strike in a military facility (Aziz 2016).

Under military neoliberalism, labor unionists described that they were under siege from the security apparatus, the state and the corporatist federation (Interview with

Alexandria Unionist; Suez unionist). Businessmen took advantage of the military regime's hostility towards independent unions and the absence of a fair labor law that protects workers from arbitrary dismissals. To demobilize militant workers and independent unionists, businessmen transferred workers to another plant, withdrew the payment of their salaries, and in the worst cases dismissed the administrative committee of an independent union. "There has been a massacre against independent unionists. You see massive layoffs in huge numbers for an entire administrative committee of the independent union" (Interview with Giza unionist). A business tycoon connected to the Mubarak regime transferred the entire administrative committee of the independent union to another plant (Suez unionist correspondence). Other militant unionists were deprived of their incentives. A unionist opined that such strategies "mean breaking our backs. Incentives are half our salaries" (Interview with Alexandria unionist).

While workers continued to fight for their reinstatement, El-Sisi's Egypt made it impossible for dismissed workers to win court cases. The Judiciary and the military regime are both stacked against the January 25 support base including the revolutionary forces and the working-class. In the best scenario, court cases could end up taking several years (Personal communication with unionist from Alexandria). In the meantime, the dismissed workers would perform precarious jobs for lower pay or join the informal sector or even the unemployed (Interviews Alexandria Unionist, Political Economist 2).

In the context of the regime's "war on terror," workers who challenged neoliberal policies were faced with fabricated accusations such as "plotting against the regime," "affiliation to a banned organization (The Muslim Brotherhood)", "participating in protests" and "inciting their colleagues" to join "illegal strikes and protests." Workers were also subject to a long interrogation process that extended for days. A labor activist from Alexandria told me that the prosecutor openly acknowledged that he was "ready to fabricate an accusation against him to throw him at least one year in prison."[91] While conducting my fieldwork, a unionist in Bolivara, the textile industry in Alexandria, was resisting the privatization of his industry. One day before sealing the deal with the investor, security forces raided his house, detained him and sentenced him to renewable 15 days in prison.[92] Furthermore, the security apparatus chased a founder of the Alexandria Permanent Council. They raided his house, and his older son was arrested forcing him to surrender to security forces (Interview with

[91] Personal communication with unionist from the Alexandria Food Industry, Alexandria- Montreal, May 24, 2016.

[92] The unionist was arrested on the day preceding final negotiations concerning the privatization of his industry. This information is based on discussions with his lawyer at the ECESR. The unionist was arrested him a day before the final negotiations relating to the sell-off of his industry. Chehata was affiliated to the Democratic Labor Party since 2011. Repetitive – rephrase.

Alexandria Unionist). Some from the Alexandria Cement industry reiterated: “our goals are justice and freedom and the day we raise our voices, because we are disenfranchised with this whole situation, they would throw us in jail” (Group interview with Cement Alexandria).

The working-class at the shop-floor level was now under tight surveillance. Informants monitored labor activists and prohibited them from communicating with their colleagues (Interview with Alexandria Unionist). Unionists were prohibited from carrying any forms of technology at the industry level to undermine them from using social media tools to mobilize fellow workers (Ibid). Furthermore, workers like many civilians under El-Sisi faced military courts. The most prominent case was when 26 civilian workers from the Alexandria Shipyard were sent to military courts when they raised simple demands such as the betterment of wages and work conditions. A 2017 ITUC report (International Trade Union Confederation), listed Egypt as one of the worst and most dangerous countries for workers and independent unionists (ITUC 2017, 21).

Although prospects for working-class organizing were grim, resistance at the shop-floor level did not disappear. As had been the case under Mubarak, the militant working-class continued to organize wildcat strikes. Such strikes, as has been the case in the previous decade, did not necessitate the existence of an independent union. Rather workers alarmed by degrading work conditions pressed for the betterment of wages, their reinstatement and at times demanded an end to arbitrary dismissals (Democracy Barometer 2017).[93] Between May 2016 and April 2017 alone the working-class organized 744 labor strikes. On a more symbolic level, the continuation of the strike activity attests to the fact that workers would not concede to a neoliberal model bent on dispossessing them.

> The strikes are still going on until now despite all what is known about El-Sisi’s dictatorship, the bloodshed and the way he is trying to contain the labor movement. The Maritime Suez and seven other companies were on strike for three weeks to raise their salaries and benefits. The labor movement will pursue its struggles because there are policies that are persisting. There is a commitment to privatization and there are laws that would transfer the property from the state to the private sector so as long as there are such policies and a commitment to the privatization of services such as education, electricity, low wages, and floating prices, workers will resist (Interview with Suez unionist).

[93] See the Democracy Barometer Report (Accessed March 1st, 2018): https://demometer.blogspot.com/2017/04/744-2016-2017.html

Others did not shy from directly criticizing the military regime asserting that El-Sisi brought Egypt to the middle ages.

> You cannot talk about economic policies without taking into consideration the fact that it is embedded in the political and the political environment is very corrupt. We are back to Europe's middle ages, the only difference is that back then it was a question of religion, and now it is the military regime. This state is Janus faced (Group Interview with Cement Industry unionists in Alexandria).

In this regard, the visible and invisible forms of working-class resistance to military neoliberalism only reinforce the idea that the independent unions and their leadership were never good representatives of the more militant base (Interview With Suez Unionist).

4.5 Conclusion

I argued in this chapter that the Egyptian military, the main agenda-setter in post-Mubarak Egypt, was bent on deepening military neoliberalism. El-Sisi displaced Mubarak's police state to deepen and entrench a military state one that benefited senior generals and their transnational and regional allies. The chapter argued that neoliberalism impedes democracy and more importantly a substantive democracy that brings social justice to the poor and the working-class. It became more the case when the military gathered regional and international support all of which have boosted its repressive capacity bent on silencing any forms of class organizing and demobilizing the social and political forces behind the January 25 revolution. The chapter adopted a political economy approach to show how the military was committed from the very beginning to push forward a neoliberal agenda and to maintain "business as usual" in post-Mubarak Egypt. That project could not take shape immediately after Mubarak's removal. Initially, the Egyptian military was faced with a highly mobilized street that it could not overlook and which forced them to pursue a gradual approach to tame the January 25 revolution and deepen neoliberalism. As the social protests continued to overwhelm SCAF's and Mursi's regimes, forcing both regimes to rescind concluding loan agreements, the military stepped in to stage the 2013 coup. In this regard, the counter-revolution became a necessary precondition to deepen neoliberalism and to protect the military interests. Pursuing neoliberalism by the force of arms is the order of the day under El-Sisi's Egypt.

The chapter also showed that setting the stage for the 2013 coup entailed that the counter-revolutionary forces chief among them the Egyptian military regain their forces after the 2011 revolution. The build up to 2013 was therefore gradual and took shape over time. This is mainly because the military could not ignore the social and political mobilization of the 2011 revolution. In this regard, SCAF pursued policies that divided the revolutionary momentum and undermined prospects for inter-class alliance formation among subordinate classes namely the working-class and the middle-class. On the one hand, the military played on the divisions that rocked the middle-class. At times empowering the Brotherhood and at others turning their Nasserite, liberal and leftist counterparts against them. On the other hand, SCAF was keen on keeping the middle-class and the militant working-class separated. From the beginning, a mobilized working-class threatened the military's economic and foreign policy interests and promised a radicalization of Egyptian streets that did not bode well for military neoliberalism. Moreover, the working-class was used by the national forces for the latter to fulfill their own political goals. Throughout the middle-class treated working-class demands as secondary to political reforms. Furthermore, national forces embodied by the revolutionary youth in 2011 were not committed to a substantive democracy. This model of democracy upsets their social and economic interests as well as their cultural capital. In fact, their interests became threatened by the rise of the proletarian and subaltern subjects embodied by workers and the informal sector.

While the chapter examined the external factors that impeded the radicalization of the streets and a transition to substantive democracy, it also delved into the challenges of post-Mubarak's working-class organizing. There are two critical moments highlighted in this chapter that contributed to weaken the capacity of the working-class to overcome its fragmentation. Firstly and in the wake of the 2011 revolution, workers organized in unions autonomous from the state-created corporatist federation. The reach of these newly created unions remained very limited. Most importantly, the competitive leadership of the newly created independent federations divided the movement at a very critical moment in 2011. This had dire implications for their capacity to mount counter-hegemony to neoliberalism in post-Mubarak. Such divisions put into question their commitment to a substantive democracy. At the same time, the bureaucratization of this leadership widened the gap between the base and the independent union leaders. The working-class base remained more militant and more defiant to neoliberalism (Interview with Labour Journalists 1 and 2; Suez unionist). Workers pursued their strikes, occupied factories, fired their managers, and in some cases they tried to self-manage their factories. Such militancy was not matched at the upper level of the

independent federations, which remained marred in its internal struggles for the monopoly over representation to pursue self-promotion. This latter issue becomes even clearer in the lead up to the 2013 coup. This moment was important because it exposed the agendas of some independent union leaders and their motivations behind establishing independent unions. It revealed for example that the leaders of the independent unions were bent on supporting neoliberal authoritarianism, which came at the expense of a greater democratization of labor relations and the regime. The leadership was also willing to capitalize on workers' grievances developed under one year of FJP pious neoliberalism and make their way to political power. The support of few prominent leaders to the military coup against the Muslim Brotherhood and their cooptation by military neoliberalism undermined prospects for counter-hegemonic labor organizing in post-Mubarak Egypt. Other voices committed to the real democratization of state-labor relations were fooled by the aforementioned leadership commitment to the democratization of state and labor relations. When they became aware of their agendas, they were silenced and marginalized. Such voices include few members within the EITUF's administrative board who resigned in the wake of the 2013 coup and stated that, "when in 2011 we came to establish independent unions none of us knew the other. But right now, we all know each other and if there is going to be a step towards organizing, it is going to be a much better one" (Interview with Former EITUF board member and Giza unionist).

Under the military regime, the Egyptian working-class is under a tight siege imposed by a reinvigorated corporatist federation, the military regime and the business community bent on replacing labor power by military conscripts and disciplining dissenting workers by the force of arms. Despite the extremely tight space left for the working-class, workers did not concede to El-Sisi's military neoliberalism. However, a commitment to change by the Egyptian working-class has to take more seriously the question of a strong and autonomous labor organizing and to embrace the struggles of the precarious and temporary workers, the unemployed, the informal sector and the peasants. Challenging the hegemony of the military regime entails more than demanding a betterment of wages, reinstatement, incentives, and improving work conditions (Interview with Founder of the Alexandria Permanent Council and Alexandria Unionist). It should embrace the demands for freedom of organization, which underpins the greater struggle of a freedom from a regime that has benefited from regional and international assistance to transform Egypt into the largest jail for workers, and the youth all veiled behind a "war on terror." It should also wed the demands for such freedoms to demands for urban reforms and land reforms that continue to lay the burden of the neoliberal model on the poor and the working-class.

Chapter 5: Capitalist Development in Brazil (1930-1985)

5.1 Introduction

Brazil's experience transitioning from an agro-export economy to an industrial one is one of the most successful such experiences in late-capitalist development. Compared to neighboring Latin American countries and the Arab world, Brazil underwent three phases of industrial development. It transitioned from the production of consumer non-durables (food and beverages) to consumer durables (household equipment and car assembly) and pharmaceuticals, and finally reached the third stage of capital goods (steel, industrial machinery, aircraft, and shipbuilding) (Filho 2012, 119). In this chapter, I argue that the military regime (1964-1985) in Brazil served the specific purpose of deepening industrialization by pursuing debt-driven growth that ended up bringing Brazil to a debt crisis worst in scale and magnitude than the one experienced under the last years of populist rule. The model pursued by the generals marginalized excluded and repressed the working class from social and economic life.

This chapter traces the economic and political transformations in Brazil from the adoption of Import Substitution and Industrialization (ISI) (an economic policy advocating for replacing foreign imports with local goods) until the end of the military rule in 1985. It constitutes the first step of the analysis, in which I reflect on the effects of these transformations on the material and immaterial conditions for both capital and labor. The chapter is inspired by O'Donnell's work (1978; 1979). I argued in Chapter One that this dissertation is inspired not only by his formulation of the foundations of a Bureaucratic Authoritarian (BA) regime, but also more particularly by how he conceptualized the interaction between the economic and political realms. The economy in O'Donnell's work shapes the rise of political regimes, which in turn erect a pact that brings together social classes benefiting from and participating in the capitalist transformation and the political actors overseeing its implementation. These social classes are appeased by the emergence of state functions and tamed through strategies of social engineering. State corporatism is one such strategy which according to Schmitter is "a system of interest representation in which the constituent units are organized into a limited number of singular, compulsory, noncompetitive, hierarchically ordered and functionally differentiated categories, recognized or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories observing certain controls on their selection of leaders and

articulation of demands and supports" (Schmitter 1974, 93-94).

Based on O'Donnell's approach, populism and the populist pact underlying it was a function of the early ISI phase in Brazil. The populist pact, underlined by a redistributive and developmental state, appeased the needs of both local industrial capital involved in the horizontal expansion of consumer non-durables and the consumerist needs of the industrial working class, the critical engine behind industrialization. When the first and early phase of ISI had run its course, Brazil branched out to the second phase wherein the question of growth was no longer governed by a horizontal expansion of consumer non-durables; the second phase of capital-intensive industries necessitated foreign investments because they were better equipped both technologically and financially to pursue a deepening of capitalism. Hence, growth was governed by attracting foreign investments and by an increased demand, especially from the upper and the middle-classes for consumer durables. The coexistence of this second phase with populism proved to be contradictory. Transition to the second phase resulted in a need to finance and support international investors rather than local capital and to cut costs in the production process, neither of which could be achieved under populism as they risked upsetting elements of the populist pact. Hence, the BA regime emerged to narrow the governing coalition by closing the door to working-class politicization and by driving their material conditions in a race to the bottom. This chapter agrees with O'Donnell's findings, but departs from his account on the three levels that I addressed in Chapter One and that I will restate briefly here.

Firstly, O'Donnell's account suggests that the political is subordinated to the economic realm. This observation is just one side of the story that I have discussed in Chapter One. In Brazil, for example, the emergence of the security apparatus that became tied to the survival of the military regime is a case in which the BA regime served not only the interests of capital per se but also the ideological and material interests of the security apparatus. Secondly, and in relation to this argument, O'Donnell's work on the BA state treats the state as a unitary actor. It is in his later work that he acknowledges divisions among the ruling elites. I argued in Chapter One that Stepan's (1988) understanding of the military is better equipped to disaggregate the state and to explain such divisions within the military institution. Stepan (1988) embeds the question of divisions within the military in the institutional factors that evolved under military authoritarianism. This chapter emphasizes such divisions and the changing political role of the military within the state but it also borrows from Angela Joya the idea that a better understanding of the military should take into consideration its "changing relationships with other social classes and other fractions of the ruling class" (Joya

2018 a, 2). Finally, O'Donnell proposes two categories of state corporatism, populist and BA, but this approach needs to be wedded to an approach that sheds light on how the political leaders manipulated union membership, coopted its leadership, and controlled the right to strike and collective bargaining to tame the working class. While doing so, I propose to reveal how the state engineered social relations to obviate prospects for working-class organization and resistance. At the same time, I unpack how power relations become vulnerable to transformation from below.

This chapter adopts a structural historical and a political economy approach to the capitalist transformation in Brazil. It provides the background for the next two chapters. Chapter Six sheds light on the class struggles that emerged under military rule to delegitimize the regime. Chapter Seven reflects on the political economy of the post-military regimes, to trace both the continuity and change of this model and reflect on their effects on the contemporary Brazilian working class. The next section traces the genesis of the developmental model under populism (1930-1964). The third section examines the changes that accompanied the model under military rule (1964-1985), and the last section is the conclusion.

5.2 The Origins and Limits of Brazilian ISI under a Populist Regime (1930-1964)

When ISI was adopted in Brazil, the country was the leading global coffee exporter. In the wake of the 1929 financial meltdown, Brazil faced a negative balance of payment (BOP) and a sharp economic downturn when demands for coffee declined. To overcome the problem of too much dependence on external demands for primary products and to substitute for the import of foreign goods, Brazil transitioned to industrialization. By 1960, the shares of industry, agriculture, and services were 32%, 17.76%, and 50% of GDP respectively (Annex). As a result of industrialization policies, Brazil experienced high levels of economic growth. Between 1947 and 1956, the GDP annual increase hovered around 6%, and between 1956 and 1962, it was 7.8% (Baer 2018, 93)(See Annex).

ISI under the populist regime can be divided into two phases. The early and easy phase (1937-1956) promoted economic development by incentivizing local/domestic markets (Sikkink 1988, 17). The consumer non-durable industries (food, textile, etc.) supported during this first phase benefited from the productive force and the consumption patterns of low-income wage earners, in particular the urban industrial working class (Wallerstein 1980, 15; Sikkink 1988; G. A. O'Donnell 1979; de Abreu, Bevilaqua, and Pinho 2000, 163). As

demand from the local market increased, an expansion of horizontal, labor-intensive small- and medium-sized national industries took place (Sikkink 1988). Growth during this phase was dependent on working-class demands for consumer non-durables. It was also marked by a state bias toward promoting and supporting local industrialists rather than international investors (Ibid, 17).

Despite the overtly nationalist rhetoric, the Brazilian economy became internationalized (Wallerstein 1980). As of the mid-1950s, vertical integration was inevitable. This shift was produced by the "exhaustion of the easy stages of industrialization"(G. A. O'Donnell 1979, 57). The dilemma at the end of the early phase was linked to the necessity of moving away from import-substitution to exporting locally manufactured but capital-intensive commodities to the international market. The shift was dictated by the necessity to once again deal with the shortage of foreign exchange, as the primary exporting sector at the time, the agriculture sector, failed to guarantee the desired foreign revenues (Ibid, 58). In O'Donnell's narrative, at this stage, the dilemma "became a question of importing either raw and intermediate materials (thus maintaining existing levels of industrial activity, but hindering growth), or capital goods (thus favoring growth, but creating serious socio-political crises as a consequence of drastic short-term drops in output)" (Ibid, 59). Brazil opted for the second option. Industrialization branched out to the manufacturing of luxury consumer durables such as household appliances, cars, transportation equipment, and pharmaceuticals, which were accessible to the local and international upper and middle classes. While in the early phase, economic growth had been a function of the consumer needs of the low-income wage earners, in this phase, growth was a function of both the consumption patterns of the upper and middle classes and, more importantly, of the investments especially by large transnational corporations (TNCs) (Sikkink 1988, 17). It was during this more complex ISI phase that Brazil opened up to subsidiaries of TNCs as local industries were unequipped with the technological know-how to participate in this vertical integration (Wallerstein 1980; Sikkink 1988; O'Donnell 1979; Rocha 1989).

In order to serve the economic transformation from an agro-exporting economy to industrialization, a populist regime was erected that spanned more than three decades. The regime changed from a populist dictatorship under Getúlio Vargas' *Estado Nôvo* (The New State) (1937-1945) to a populist but limited democracy (1945-1964). Successive populist leaders backed by Brazil's generals supported the expansion of the industrial sector, replacing an agrarian export-oriented economy. Populism maintained a façade of a class harmony among the urban working class and the industrial bourgeoisie, especially during the first and

easy ISI phase. However, the populist pact soon became defunct, with the deepening of industrialization setting the stage for the disintegration of the populist regime as a whole. Before delving into the disintegration of the populist pact, a discussion is in order of populism and of the underlying populist pact, which underlined the class harmony between the urban working class, the local industrialists, and the populist leader.

Initially, the Brazilian military played an important role in moderating the transition to ISI under the auspices of a civilian populist regime (1930-1964) (Stepan 1973). The military viewed Brazil's Old Republic (1889-1930) with contempt (Skidmore 1999). They blamed the coffee-linked oligarchies for hindering Brazil's modernization and industrialization, and thereby challenging the institutional and economic interests of the post-colonial military (Skidmore 1999; 2007). Support for the rise of the national steel and oil industries was at the heart of the military's drive to further Brazil's industrialization. Both steel and energy were vital for the emergence of a robust military-industrial complex (Mani 2011). Brazil's generals therefore accepted a bargain with the populist civilian leaders. At the heart of this bargain was that the generals retained a privileged position in shaping the country's economic development by providing guarantees for political stability. Under this civilian period (1930-1964), the military continued a historical tradition whereby the military was charged with maintaining internal stability and order in a country where weak parties have coexisted with high levels of inequality (Stepan 1988, 103).[94] The military during this populist phase enjoyed important prerogatives pertaining to "their role in the constitution, the control over the defense sector, their role in the cabinet, and their control over civilians who were involved in defense policies" (Ibid). They also controlled the Ministries of Army, Navy and Air Force (Ibid, 104). Hence, the military's role in supporting or withholding support from populist leaders was crucial for the implementation of ISI while ensuring political stability and protecting the national (i.e. capital's) interests (Stepan 1973).

Between 1930 and 1964, the executive power was entrusted to a Brazilian populist leader who "on the one hand, expressed the national project. On the other hand, he personified the people, articulated their demands and delivered, material improvements. In return, the people provided him with personal adoration and if necessary with votes"(Saad-Filho and Morais 2018, 20).

To maintain this class harmony, top-down state corporatist organizations were created. These organizations limited political participation for both capital and labor to state-

[94] Stepan (1988) discusses 11 variables that shape the question of military prerogatives in general and in Brazil in particular see Stepan *Rethinking Military Politics, pages 93-97.*

sanctioned parties, business associations, and trade unions (Diniz 1989; Riethof 2018, 64). On the one hand, the *Partido Social Democrático* (The Social Democratic Party [PSD]) represented the industrialists and the large landowners. On the other hand, the *Partido Trabalhista Brasileiro* (The Brazilian Workers' Party [PTB]), a state-created workers' party, weakened the appeal of the *Partido Comunista Brasileiro* (Brazilian Communist Party [PCB]) among the industrial working class (R. J. Alexander and Parker 2003; Skidmore 1999, 97). Both the PTB and the corporatist union structure played an important role in subordinating working-class interests to the state and to capitalist development and in diverting working-class participation from confrontation and radicalization (Ibid). Finally, the political opposition under populism revolved around the *União Democrática Nacional* (National Democratic Union [UDN]), an elitist opposition party drawing mainly from the ranks of middle-class professionals. Even though the UDN was never able to assume political power, except for few months in 1961 after which the UDN president resigned, it played an important role in supporting the 1964 military coup against the last populist leader, João Goulart (Skidmore 2007).

The populist regime thus forged an alliance with the urban classes to weaken rather than totally dismantle the power of the large landowners. This regime strategy was governed by important economic considerations. Agriculture and in particular the coffee sector contributed to the generation of foreign currency (de Abreu, Bevilaqua, and Pinho 2000, 32). In fact, fifteen years after the 1930 coup, coffee was still responsible for 59% of exports, as measured in 1945, and the numbers only declined slightly by the end of the populist phase to reach 53% in 1964 (Baer 2018, 94). Hence, given the important role that large landowners played in generating foreign currency, they shared the political space with a growing industrial sector and formed a 'ruralist block' within Congress (Sikkink 1988, 258). The block, which was made up of PSD deputies, worked to systematically obstruct any projects to reform the agrarian structure (Ibid). The continuing existence of this lobby explains why all populist leaders relegated agrarian reforms to a secondary order (Ibid, 23).[95]

In order to maintain the class harmony that underlined the populist pact, the state assumed developmental and redistributive functions. These functions responded to the exigencies of industrialization in Brazil by creating avenues for capital, local in the first phase and international in the second, to invest. It also incentivized consumption among the urban industrial working class, deemed necessary for growth during the easy ISI phase. To perform

[95] It was only during Vargas' second term (1951-54) and Goulart's presidency (1961-64) that the issue of land reform was raised (Skidmore 2007).

these functions, the populist regime engineered state and society relations along state-corporatist lines. The regime tied unionism to the guiding principle of class harmony overseen by the populist leaders and guaranteed that the working class would never develop a radical agenda.

The populist phase was marked by the erection of a developmental state that deepened its regulatory and entrepreneurial functions to facilitate private investments and a private accumulation of capital by local and foreign investors (Rocha 1989; Evans 1979). The state provided infrastructure, transportation, and public utilities to facilitate capitalist development. It also monopolized production in strategic sectors, including petroleum, electricity, and steel (Evans 1979, 87), and in areas requiring "complex technologies with long lags and low returns" (Filho and Morais 2018, 18-19). *Petrobras* and *Eletrobas*, respectively the state-controlled oil and electricity companies, were created in the 1950s and subsequently were granted state monopolies over these strategic sectors (Evans 1979; 1994; Rocha 1989, 91). These monopolies maintained national sovereignty over the strategic energy sectors deemed crucial for industrialization.

In Brazil, the state directed and facilitated capital's investments in industrialization but it did not eclipse capital or take the lead in the industrialization process. Instead, the state provided greenhouses for capital to invest, best expressed in the creation of a national development bank, the *Banco Nacional de Desenvolvimento Econômico e Social* (National Bank for Economic and Social Development [BNDE]). The BNDE financed private and public enterprises (Baer 2018, 92; Evans 1979; Skidmore 2007; Filho and Morais 2018). The state also erected high tariffs ranging between 60% and 150% to protect local industries (Baer 2018, 92). Such high tariffs were necessary during the initial ISI phase, which rested on supporting national industrialists. As soon as Brazil branched out to the second and more complex ISI phase, the state had to appeal not only to local capital but also to TNCs. As a result, it adopted Instruction 113. Issued by the "Superintendency for Money and Credit (SUMOC) a powerful semi-autonomous branch of the Bank of Brazil responsible for monetary policy," Instruction 113 treated any form of imported goods as a form of foreign investment (Sikkink 1988, 228-229). As the first ISI phase ended, local industrialists were already sharing state support with international investors.

Brazil also witnessed the emergence of a redistributive state that provided welfare to the working class. These redistributive functions were geared toward supporting industrialization and especially the early ISI phase, which rested on expanding the local domestic market and in particular the local demand from low-wage income earners (Sikkink

1988; O'Donnell 1979; Abreu 2000; Rocha 1989). Moreover, the welfare functions served to maintain the abovementioned class harmony by meeting basic working-class needs and eliminating labor militancy at the factory/industry level. Social security funds,[96] workers' education and training,[97] medical coverage, and pensions tied workers to the state and guaranteed labor docility at the industry level (Erickson 1977).[98] Work stability was guaranteed through a tenure law that protected employees against arbitrary dismissals after ten years of experience in the same workplace (Baer 1965, 97). The *salário mínimo* (minimum wage) was regulated by a 1941 law and was revised periodically (Ibid; Annex). However, all such benefits were aimed at the formal industrial working class but "excluded the rural workers, women, the unemployed and the informal sector" (Filho and Morais 2018, 44; Riethoff 2018, 67). While these classes and social groups were officially recognized as citizens, they were deprived of the social and economic privileges conferred upon the formal working class (Riethoff 2018, 68).

While the redistributive functions of the state co-opted the working class into the populist pact, state corporatism subordinated working-class organization and mobilization to the exigencies of the developmental model. The industrial working class expanded with the transition to ISI and was not immune to radical leftist ideologies. In fact, when Vargas assumed power, he was faced by a highly mobilized and plural union movement, which challenged capitalist development (Skidmore 2007, 42). To overcome such hurdles and preserve industrial peace, state corporatism along the fascist Italian model saw the light (Skidmore 1999, 16; R. J. Alexander and Parker 2003, 74).

The main instrument used to tighten the regime's grip over the working class was the 1943 *Consolidação das Leis do Trabalho* (Consolidation of Labor Laws [CLT]), which provided the legal framework for compromising union autonomy and subordinating working-class interests to the exigencies of the developmental state and consequently to capital's interests. The CLT played an essential role in shaping working-class organization and mobilization, directing them away from militancy and confrontation toward mediation and conciliation. It is also important to note that the CLT incorporated important provisions concerning job security and arbitrary dismissals, the right to organize and form unions, the right for a minimum wage, unemployment insurance, and a ban on child labor (Mayer 2016,

[96] In total under Vargas, there were 38 Funds (Baer 1965, 97).
[97] Vargas created the SENAI (Servico Nactional de Aprendizagem Industrial) (National Service of Industrial Learning) and SENAC (Servico Nactional de Aprendizagem Commercial) (National Service for Commercial Learning) (Baer 1965, 97).
[98] The tenure law stipulated that an employee who has more than ten years of service in the same firm cannot be dismissed except for grave misbehavior (Ibid).

102-103).

At the level of structure, the CLT imposed important restrictions concerning the creation of confederations and federations and undermined the ability of workers to form peak associations that represent different work categories (Ibid, 101). For example, the highest level in the union hierarchy was reserved for confederations that could only be established in designated fields (R. J. Alexander and Parker 2003, 68). Moreover, the confederations could only be officially legalized if they brought together at least three federations (Ibid). The federations were only recognized if formed of at least five unions in the same trade (Ibid). Finally, the occupational and geographical fragmentation was carried out at the lowest level of the hierarchy, the unions. This process was guaranteed through *unicidade sindical* (union unity), which entailed that only a single union could be recognized in a given trade and in a given municipality (*município*) (R. J. Alexander and Parker 2003, 71; Mayer 2016, 101). Practically, a union could represent neither workers in another trade in the same region nor workers in the same trade in another region. Such strategies undermined working-class unity and the capacity of unions to unify working-class demands and appeal to the entirety of the working class (Mayer 2016 101-102; Erickson 1977, 32-22).

The state also imposed important constraints on registering and legalizing unions, regulating their main activities and the allocation of resources that tied union organizing to the state-sanctioned corporatist structure. The Ministry of Labor legalized the work of the unions and silenced radical voices by placing regime loyalists (*pelegos*) in leadership positions (Skidmore 2007, 42). Union financing was another important area that enabled the state to tighten its grip over unions. The *imposto sindical* (union tax), a mandatory tax equivalent to the amount of a one-day salary per year, was immediately deducted from workers' salaries (Skidmore 2007, 40; Alexandre 2003, 69). To extend its disciplinary power, the state channeled the funds through the Ministry of Labor to unions that were recognized by the state (Skidmore 2007, 40; Mayer 2016, 101-102). The funds were intended for social service provision that entrenched the role of unions as social service providers, thereby contributing to their de-politicization. Furthermore, oppositional unionists could not possibly compete with the state-recognized unions, as the former were starved from the necessary funds to appeal to their bases (Riethoff 2018, 66).

Moreover, the state mobilized the court system to impose constraints on the right to strike and on collective bargaining. Strikes were banned under Vargas' *Estado Nôvo*, and were then legalized but became regulated by law. However, the judges representing the state withheld ruling in favor of a "legal strike" (Mayer 2016, 101). Labor courts mediated between

employers and employees (Erickson 1977, 30) and substituted for collective bargaining processes (R. J. Alexander and Parker 2003, 70).

The Limits of Populism and the Deepening of Industrialization

In 1964, the military staged a coup against João Goulart, Brazil's last democratically elected populist president, and installed a BA regime under the auspices of the Brazilian military and civilian technocrats, blessed and protected by the USA (O'Donnell 1978). The 1964 moment illustrated the limits of deepening industrialization under populism. Firstly, ISI, which was initially intended to end Brazil's dependency on the export of primary goods, only changed the face of dependent development. As Brazil embarked on the more complex ISI phase, it became more dependent on the foreign investments and loans that were necessary to support the transition to capital-intensive industries (Wallerstein 1980). Growth was no longer measured by the increased production of consumer non-durables and by increased consumption among the low-income wage earners. Instead, growth was assessed based on the capacity to attract foreign investments and the increased capacity by the upper and middle classes to purchase consumer durables (Sikkink 1988). Therefore, the state had to spend more on larger infrastructural projects, provide incentives (credit) for the middle and upper classes to purchase locally manufactured consumer durables, and keep working-class wages low to make Brazil appealing for foreign investors.

These objectives exposed the limits of class harmony under populism and the tensions between the developmental and the redistributive functions of the state. On the one hand, a developmental state committed to enabling a greater private capital accumulation could no longer rely on the strategy of encouraging the horizontal expansion of local industries. With the transition to capital-intensive industries, the state had to play a role in the private accumulation of capital through cutting costs in the production process (wages, social benefits and workers' protection, etc.). On the other hand, a redistributive state could not achieve these objectives because the populist leaders drew their legitimacy and support from the working class. Populism and the underlying class harmony that maintained this regime for an extended period were thus seen as impediments to the accumulation of badly needed revenues, transferring them away from deepening industrialization into a pact that gave populist leaders political legitimacy (Hurtienne and Sperber 1983).

The tensions between the redistributive and developmental state were further exacerbated amid chronic inflation and a negative balance of payment that started to appear

when Brazil branched out to the more capital-intensive industries in the mid-1950s. This situation left Brazilian leaders facing the necessity of adopting stabilization policies. However, maintaining the populist pact and pursuing locally administered austerity policies were two contradictory goals. The former entailed increasing spending to support the populist pact (Filho and Morais 2018, 21). The latter invited austerity measures, hurting vulnerable groups to maintain creditworthiness, and promoted an enabling environment for foreign developmental and financial capital to invest.

Furthermore, Brazil's version of populism was linked to a limited democracy, an impediment to further industrialization as it kept the channels of the state open for the working class. Though initially coopted by populist leaders and controlled by the corporatist structure, the workers were also included for the first time in the largest, albeit corporatist, national labor union organization. As they had been awarded more rights and privileges under populism, they became aware of their rights and were no longer ready to forfeit them, hence the increase in labor militancy in Brazil's urban centers in the last years of populism (O'Donnell 1979). This mobilization illustrated the limits of corporatism in compromising working-class autonomy and impeding their mobilization under a populist democratic regime. Moreover, the working class inspired mobilization among peasants. The latter, who had been neglected and marginalized by populist leaders, now sought the advantage of being free from state corporatism to organize and mobilize, demanding land reforms and the right to vote, of which they had been deprived. In sum, empowered subordinate classes demanding fundamental rights risked becoming too threatening for local and international investors and the local elites. These threats were exacerbated by the fears of a Cuban scenario in Brazil (O'Donnell 1979). Hence, the heightened working-class mobilization could only be met by repression and tighter corporatist control. To be able to mobilize these repressive tools, populism, as a regime that relied significantly on working-class support, had to be dismantled.

5.3 The Political Economy of Military Rule (1964-1985): The Financialization and the Internationalization of the Economy

In this section, I show that the military's quest to internationalize the economy exacerbated the debt problem. By the end of military rule, the crisis facing Brazil was more significant in scale than the one inherited from Goulart (Annex). The economic model pursued by the generals exacerbated the economic conditions for the poor and the working class, but also for the military's base of support, the middle class. Moreover, the local

industrialists became wary of the military's internationalization and financialization of the economy. In addition to their growing feelings of encroachment on their interests, the local bourgeoisie was antagonized by the way the military closed channels for the articulation and representation of their "private interests". The gap between the military regime and the business community widened, facilitating capital's withdrawal from the post-1964 authoritarian alliance. Combined with the de-legitimization of the regime from below by the struggles of the poor and the working class, this condition narrowed the support for the authoritarian coalition that governed Brazil since 1964.

5.3.1 Political Restructuring: The BA Regime, the Civilian Technocratic-Military Alliance, The Security State, and the Bureaucratization of Unionism (1964-1985)

Between 1964 and 1985, the military relinquished the mediating role that it had acquired under populism and became the main actor overseeing the deepening of industrialization. The military no longer believed that a democratic and open political system could lead to "economic growth" (Skidmore 1988, 108). Empowered subordinate classes demanding fundamental rights were too threatening for the military and for its local and international allies. After all, regional borders are permeable, and the fears of a Cuban spillover loomed large (O'Donnell 1979). Moreover, Brazil turning to the left challenged the foreign policy interests of a military that had long been an important American ally. At this critical moment, the military resolved that it would not tolerate negotiating with the popular sectors anymore. The only language that they would utilize was the language of exclusion, repression, and violence (Skidmore 2007, 1988).

Therefore, the generals dismantled populism and erected a BA regime, the first in Latin America (O'Donnell 1978; Skidmore 1988). The BA state was characterized by:

> "(a) higher governmental positions usually are occupied by persons who come to them after successful careers in complex and highly bureaucratized organizations - the armed forces, the public bureaucracy, and large private firms; (b) political exclusion, in that it aims at closing channels of political access to the popular sector and its allies so as to deactivate them politically, not only by means of repression but also through the imposition of vertical (corporatist) controls by the state on such organizations as labor unions; (c) economic exclusion, in that it reduces or postpones indefinitely the aspiration to economic participation of the popular sector; (d) de-politicization, in the sense that it pretends to reduce social and political issues to "technical" problems to be resolved by means of interactions among the higher echelons of the above- mentioned

organizations; and (e) it corresponds to a stage of important transformations in the mechanisms of capital accumulation of its society, changes that are, in turn, a part of the "deepening" process of a peripheral and dependent capitalism characterized by extensive industrialization." (O'Donnell 1978, 6)

Underlying the BA regime was a new civilian-military technocratic alliance, which was initially supported by local capital, and appealed widely to foreign investors and foreign capital. However, the heterogeneous local alliance that played a role in mobilizing support to the 1964 military coup against Goulart was not reflected in the BA civilian-military pact. In fact, the conservative social and economic factions, who pushed for the military coup, envisaged capturing political power by holding general elections in post-Goulart Brazil (Napolitano 2018). This agenda contradicted the military's aspirations. The military blamed the two pillars of the populist regime – capital and labor – for political instability and deadlocks. Moreover, the military projected itself as the only institution capable of overcoming the political stalemate that emerged under Goulart, by insulating itself from "private interests." Local capital would figure in the technocratic-military alliance again at a later stage of military rule and would be deemed the latecomer to the alliance bringing together international capital and the state.

Under military rule, the military enjoyed high prerogatives on basically all fields pertaining to civil-military relations, the situation only changed slightly under the proponents of liberalizing military rule (the fourth military president, Geisel) during which the "military's control over the promotions were reduced from high to moderate" (Stepan 1988, 103). In addition to controlling the presidency, they also controlled an important number of cabinet positions ("Ministries of Army, Navy, Air Force, the Chief of Military Cabinet (Secretary General of the National Security Council), Chief of the Armed Forces General Staff" and The Chief of Intelligence Services was awarded a cabinet position (Stepan 1988, 104). A militarization of politics took shape over the years, with the passage of more than 17 institutional acts that entrenched military rule and insulated the executive from pressure from below (Napolitano 2018). The first president, Castello Branco, presided over the most critical institutional acts, namely the ones that legalized the process of appointing generals to the presidency, depriving Congress of the power to oppose or propose legislation, and abolishing previously established parties (Skidmore 1988). The parties that operated under populism were abolished and banned. A two-party system was erected and revolved around the military-controlled party *Aliança Renovadora Nacional* (National Renewal Alliance

[ARENA]) and the legal and elitist opposition, the *Movimento Democrático Brasileiro* (Brazilian Democratic Movement [MDB]) (Filho and Morais 2018, 22).

The second central pillar of this civilian-military alliance was the new class of technocrats: the salaried middle-class employees who owed their existence to the national developmental model under populism. They became antagonized by populist politicians who offered "them only precarious tenure in public office and were usually unwilling, and always unable to follow their advice" (O'Donnell 1979, 70). As Goulart faced declining state revenues, technocrats faced wage compression and a deterioration of career promotion (Ibid, 72). They also became dependent on the military to entrench their power (Skidmore 1988, 108). For example, the most prominent figures occupied key ministerial posts under military rule and were trained in prestigious local and international universities. They orchestrated and enforced stabilization policies that would later invite a rapid expansion of TNCs and state owned enterprises (SOEs) in the economy (O'Donnell 1979; Skidmore 1988).

To further insulate politics from working-class pressure, the military erected a national security state charged with spying, and abducting and torturing citizens. At the institutional level, the security apparatus was represented by the *Serviço Nacional de Informações* (National Intelligence Service [SNI]) and other subdivisions that had recruited personnel within and outside the military and were charged with censorship and counter-insurgency operations, as well as spying on and torturing activists. The *Centro de Informações do Exército* (The Army Information Center [CIE]), created in 1967, was charged with censorship. *Operaçáo Bandeirantes* [OBAN], a paramilitary secret police operation combining the police and military security officers, spied on and abducted labor activists (Skidmore 1988, 127-128). Large corporations such as Volkswagen, Ford, Toyota, Mercedes Benz, and Chrysler financed the OBAN and reported back to the security apparatus by tracing the activities of the working–class militants (Annex).[99] Consequently, a large number of workers faced punitive dismissals and were blacklisted, making it even harder to find jobs in other companies. Finally, the *Departamento de Operações de Informações - Centro de Operações de Defesa Interna* (Department of Information Operations - Center for Internal Defense Operations [DOI-CODI]) acted as the major policing and counter-guerilla unit. It played the most important role, ending the guerilla operations and later abducting, torturing, and killing unionists, journalists, and lawyers (Skidmore 1988, Alves 1985).

[99] The Metallurgic union in ABC made available the archives of the *Departamento Estadual de Ordem Politica e Social – DOPs*, documenting the names of the unionists under surveillance listed by each company. See also a recent report on this case, discussed in the following article from Reuters: https://www.reuters.com/investigates/special-report/brazil-dictatorship-companies/. For Volkswagen spying on former president Lula, see: https://www.reuters.com/article/us-brazil-dictatorship-volkswagen/exclusive-volkswagen-spied-on-lula-other-brazilian-workers-in-1980s-idUSKBN0H017P20140905

Between 1964 and 1973, there was a fusion of the three components of the military: the military as an institution that "carries the routine training and manages the complex network of a military bureaucracy"; the military as government, "the core of the leadership who direct the government or the polity"; and the military as security apparatus, "the elements of the regime more directly involved in the planning and execution of repression" (Stepan 1988, 30). In post-Médici Brazil, the military-as-government and the military-as-institution were alarmed by the powerful security apparatus. The security apparatus grew stronger and more autonomous over the years (Stepan 1988, 13-20). The SNI vetoed presidential candidates, held ministerial positions (Ibid, 20), became part of the political landscape by infiltrating every state department (Ibid, 22), and was totally shielded from any form of review (Ibid). It therefore acted as the most important bulwark against the liberalization and democratization of the country, fearing that democratization would curtail their privileged positions, deprive them of their bargaining chips, expose their criminal activities, and deprive them of their "special allowances, such as special access to cars, planes, and personal budgets" (Ibid, 25). Hence, while the BA regime emerged to support the deepening of industrialization, the security apparatus developed material and ideological interests that became tied to defending the persistence of the BA regime.

The BA regime inaugurated military rule with *Operação Limpeza* (Operation Cleanup) (Huggins, Haritos-Fatouros, and Zimbardo 2002, 64). This large-scale operation purged the federal and the state levels (the military, the administrators, the police, the judiciary, and unions) of what the generals deemed "subversives": communists, populists, and leftists (Huggins, Haritos-Fatouros, and Zimbardo 2002, 64). Workers, unionists, and political activists were all subject to a brutal campaign of forced disappearances, torture, and jailing. In the particular case of the labor unionists, the military regime mobilized the restrictive elements of the CLT. Article 5 of the CLT provided a legal shield for the ministry of labor to "directly intervene in a union and remove elected officials from office, appoint governmental administrators, or officially extend the period of intervention decreed by a local, regional labor delegate" (Alves 1985, 190). This purging process was accompanied by appointing regime loyalists from the same unions or even military or police officers (DIEESE interview with Enîo Seabra; R. J. Alexander and Parker 2003, 145). In the same year as the coup, the generals presided over 496 interventions in 3 confederations (out of 7), 43 federations (out of 107), 49 large unions (out of 71), 94 medium size unions (out of 260), and 307 small unions

(out of 1648).[100] As these numbers make clear, the highest percentage of purging targeted the top union hierarchy.

Despite the military purge, there were fears that the communists, leftists, and populists would reinvade the union hierarchy by winning union elections (R. J. Alexander and Parker 2003, 147). To preempt this scenario, the Ministry of Labor issued a set of rules to constrain the participation of "subversives" in union elections. The military pursued *cassação*, which deprived the purged leadership of their political rights and undermined their capacity to "re-conquer" the corporatist union structure (R. J. Alexander and Parker 2003; Sandoval 1993; Alves 1985; Keck 1992; Sluyter-Beltrão 2010). This strategy was followed by the August 1965 regulation, which determined eligibility to run for union elections. The regulation stipulated that those "who have bad conduct duly proven, which includes temporary or definitive loss of political rights" (R. J. Alexander and Parker 2003, 147) were banned from running for elections. Under this legal provision and following the *cassação* policy, the former leaders were automatically prohibited from presenting their candidacy for union elections. Even in cases where the candidates were not stripped of their civil and political rights, the Regional Labor Boards would ban "suspicious" or oppositional candidates from running because these candidates had participated in union elections before the 1964 coup (DIEESE interview with Enio Seabra, Alves 1985, 86).

The military also appointed *pelegos* to the higher echelons of union hierarchy. The functions of the *pelegos* changed under military rule. Under populism, they had been politicized and were tied to the PTB. They acted as the conduits for populist leaders, facilitating the mobilization of working-class votes and conferring political legitimacy on populist leaders. Military presidents, however, did not draw legitimacy from working-class voting, but were appointed by an electoral college, which consisted of senators and deputies and state deputies. The changing relationship between the presidency and the working class brought changes in the functions fulfilled by the *pelegos*. Under military rule, the *pelegos* spent their time on administrative tasks rather than political mobilization and organization (Keck 1989, 257). They were turned into a union bureaucracy incorporated in the military strategy to pursue stabilization policies and deepen capitalism. This incorporation was made possible through a policy of *renovação sindical* (union renovation). By virtue of this policy, the *pelegos* were turned into managers of the social services financed by the union tax (Sandoval 1993, 107). They therefore presided over the most significant funds aimed at

[100] See Historical Atlas for Brazil: https://atlas.fgv.br/marcos/de-castelo-branco-medici-1964-1975/mapas/expurgos-da-ditadura-sob-castelo-branco-intervencoes (accessed January 26, 2019)

catering to working-class social needs amid state retreat from social service provision. Moreover, the ministry of finance and the ministry of labor imposed prohibitions that undermined the capacity of union leaders to use these funds for political ends, such as sustaining strikes or supporting political parties. To further coopt the *pelegos,* the ministry of labor under military rule rewarded them with prestigious access to training and education (Alves 1985, Kindle Location 1973)

Moreover, the BA regime deprived the working class of its most important weapons: the right to strike and the right to collective bargaining (Hurtienne and Sperber 1983). Collective bargaining was abolished and wage settlement under military rule came under the purview of the ministry of finance, which set the minimum wage according to a complex formula (Sandoval 1993, 108). This situation remained intact until the late 1970s when the working class rose defiantly to redeem from the military and capital its position in collective bargaining. Furthermore, the first general-president, Castello Branco, issued law N0.4330 (Lei N0.4330)[101] setting the parameters for strikes and making these conditions impossible to meet (Keck 1989, 257). The law banned strikes for public sector employees (Amadeo and Marcio Camargo 1993, 162) and in sectors that were considered by the BA regime to perform "vital functions." Chapter 3, Article 12 of the Law reads that such vital sectors include the "water, energy and gas services, communications, transportation, funeral services, hospitals, food shops, pharmacies and drugstores, hotels and basic industries or industries" (Ibid).

While the military regime's corporatist and repressive strategy controlled the working class for more than a decade, such strategies had run their course by the mid-1970s. The military regime's strategy was focused primarily on controlling the upper echelons of the union hierarchy. In the lower echelons, there was still some room for maneuvering. Participation in the union hierarchy under military rule was not conditional on the unionist's affiliation to the ruling party, ARENA. Moreover, the authentic union leaders, who are described in Chapter Six, had built on the regime strategy to silence the traditional left and the populists within the union hierarchy and subsequently broke away from both identities, won union elections, redeemed the structure from below, and led the largest wave of strikes under military rule. The regime strategy to bureaucratize unionism thus also paved the way for authentic union leaders to brand themselves as an active union leadership held accountable to the rank and file, contrasting themselves with the image of the *pelegos* who were inactive, coopted by the military, and distant from their base. This strategy was best expressed by the

[101] The text of Lei No.4330 the law is available on the following link: http://www2.camara.leg.br/legin/fed/lei/1960-1969/lei-4330-1-junho-1964-376623-publicacaooriginal-1-pl.html (Accessed April 2018).

concept of *sindicalismo de base* (shop-floor level unionism), which also became the nucleus for the transformation of unionism and for redeeming the rights of the working-class.

There were also loopholes in the anti-strike law that made the military corporatism vulnerable to change. The law did not apply to the strategic and growing car industry sector, which became a hotbed for labor militancy under military rule. Moreover, corporatism under military rule controlled the formal working class but ignored the precarious, impoverished, and growing informal sector. This condition paved the way for the mobilization of the informal sector, as will be shown in Chapter Six. Finally, some of the strategies devised to demobilize the working class did not shield other classes, namely the middle class activists, from state repression. As a result, the military antagonized its traditional base of support, the middle class. As will be shown in Chapter Six, the limits of corporatism and the strategies used to tighten corporatist control ushered in working-class struggles and inter-class alliances that would delegitimize the regime.

5.3.2 Stabilization, The Economic Miracle and The Economic Crisis (1964-1985)

The following section traces the changes in economic policies under the five generals who presided over the internationalization and the financialization of the economy. Regarding economic policies, the first phase (1964-67) under the first two generals, Castello Branco and Costa e Silva, was a period of stabilization. The military embarked on a wide range of anti-inflationary policies ranging from wage compression to increasing taxation and cutting public spending. At the same time, the generals stifled any form of resistance to their unpopular policies. The second phase (1967-1973), under general Emílio Médici, was the period of the "Brazilian miracle." The economy grew at one of its highest rates, 10% per year, during his term (Annex). However, the high levels of growth could only be felt by the upper classes. A third phase (1974-1981) was inaugurated with the first oil crisis in the wake of the 1973 Arab Oil Embargo. Ernesto Geisel, the fourth general to rule Brazil and a proponent of a gradual transition to civilian rule, opted for countercyclical policies. His term was synonymous with an expansion of SOEs in development and a debt-driven growth (Annex; Baer and Coes 2006; Hurtienne and Sperber 1983; Baer 2014; Macrone 1987). Finally, the last phase, under João Figueiredo, followed the second oil crisis and the 1982 Mexican Debt Crisis. It was a period marked by negotiations with the International Monetary Fund (IMF), taking Brazil from locally administered structural adjustment measures to IMF structural adjustment measures, for a brief period of time ending with the democratization campaign (Macrone 1987, Filho and Morais 2018, Geisa Maria 1989).

To cover up the negative BOP, the generals relied on generating foreign currency through foreign investments and loans (Geisa Maria 1989). Brazil's capacity to attract the latter was dependent on the level of the former. Foreign loans and investments were tied to the conditionality imposed by international financial institutions on the Brazilian economy. Though Brazil did not transition to a neoliberal accumulation regime, the IMF and the World Bank (WB) pressured the military to pursue austerity measures, laying the burden of such measures on the poor and the working class. These austerity measures were deemed necessary by international creditors to regain international creditworthiness and make Brazil more attractive for foreign investors (Wallerstein 1980). As Brazil implemented these austerity measures, the country was set on a track of debt-driven growth that invited the expansion of TNCs supported by SOEs and in some cases by local capital, which participated as a junior partner (Evans 1979).

The first phase of military rule was therefore governed by the implementation of stabilization policies and austerity measures that deeply hurt the working class. These measures ranged from wage compression and increasing taxation to cutting public spending and repealing the provisions that guaranteed job stability (Baer and Coes 2006, 28). In order to deal with the public sector deficit, the military increased the prices of services leading to price hikes in essential consumer goods such as transportation (Skidmore 1988, 30). Oil and wheat subsidies were lifted, which in turn raised the price of bread and transportation (Ibid).

In order to make Brazil more appealing to foreign investors, the BA regime dismantled the 1940 stability law and created the Fund for the Guarantee of Time in Service (*Fundo de Garantia do Tempo de Serviço* [FGTS]), which governed all labor contracts except for those in the civil service (Amadeo and Marcio Camarago 1993, 164; Rocha 1989, 381). FGTS was financed through savings forcing every worker to contribute 8% of their salaries to the fund. In fact, the workers could only "draw from this fund either when fired or to buy a house, under certain conditions" (De Holanda Barbosa 2018, 110). The FGTS fulfilled other functions as well. Along with other funds, the FGTS served to finance the capitalist transformation and deepen industrialization (Trebat 1983, 16; Rocha 1989, 381, 384). The federal government, which oversaw a massive accumulation of funds through the "forced savings," used them for development and infrastructure projects (Trebat 1983, 16).

The most critical aspect of these austerity measures was the adoption of a policy of *arrocho salarial* (wage squeeze). At the heart of the policy was that wages should be "kept from rising faster than a declining inflation rate" (Skidmore 1988, 34; Rocha 1989). A yearly revision of the minimum wage was considered an area of expertise for technocrats and in

particular the ministry of finance. Revisions were based upon a constant policy of underestimation of the inflation rate, which radically diminished the minimum wage (Annex). For example, the implementation of this policy led to a 30% wage squeeze in the first three years under military rule (between 1964 and 1967) (Annex). The value of the real wages eroded further when technocrats and generals expressed a commitment to devaluating Brazilian currency and cutting public spending and subsidies, thus increasing living costs and profoundly hurting the poor and the working class (Skidmore 1988, 37).

Within no time, the austerity measures started to weigh heavily on the most vulnerable population. High levels of income inequality appeared within the first two years of military rule.[102] In 1965-1966, "there was a considerable concentration of income in the upper 20 % of income receivers in the industry and the upper 30 % in commerce and services" (Hurtienne and Sperber 1983, 117). In fact, this concentration of income served the capitalist transformation under military rule. Both the level of income and the expansion of bank credits to the middle class incentivized the upper and middle classes consumption of consumer durables (Ibid; Skidmore 1988, 63-64). Those who were earning low wages saw their capacity to purchase and consume dramatically reduced and they did not increase the demand for primary and inexpensive goods (Ibid).

The stabilization phase (1964-1967) ended with lowering inflation from a high of 86% in 1964 to 25% in 1967 (Annex). By curbing inflation and adopting stabilization policies, the military regime met the expectations of the IMF and WB. The latter rewarded the BA regime by giving a green light to foreign capital to invest in Brazil. While FDIs had dropped to their worst levels under Goulart (28 000 000 USD), they nearly quadrupled in the first three years of military rule (72 000 000 USD in 1965) (O'Donnell 1978, 21).[103] As a result, foreign investors and international creditors gave their confidence to the Brazilian economy, a necessary first step to dealing with the negative BOP.

State functions were geared toward facilitating foreign investments and capital accumulation by big local and international conglomerates (Filho and Morais 2018; Evans 1979; Rocha 1989; Rocha 1994). While driving labor conditions in a race to the bottom, the military and the technocrats enticed foreign investors to relocate their industries in Brazil by providing incentives related to the repatriation of profits. The most important instruments

[102] Skidmore shows that data on inequality in Brazil must take as its starting point the 1960s "because that was the first year in which a Brazilian census collected data on income distribution" (Skidmore 2004, 134). Even after 1960, a discrepancy is apparent between the numbers reported by IBGE[102] (Instituto Brasileiro de Geografia e Estatística) and secondary sources (Skidmore 2004 and Abreu 2008). Despite the discrepancies, the sources all agree that inequality was on the rise. Between 1960 and 1990, Brazil was one of the unequal countries in the world with GINI coefficients higher than the Middle East and other Latin American countries (Abreu 2008, 461).

[103] For comparative data on FDIS under Goulart and the first two generals, see: https://atlas.fgv.br/marcos/de-castelo-branco-medici-1964-1975/mapas/indices-economicos-no-governo-castelo-branco

were SUMOC Instruction 289 and, later, Law 4131. Instruction 289 "allowed a direct line of credit between the parent country, and local TNC subsidiary in Brazil" (Rocha 1989, 390). Law 4131 became an important instrument regulating foreign borrowing and investment. It set up equality between TNCs and local capital and considered the capital base of foreign investors to consist of "capital goods, machinery, and equipment introduced to Brazil as well as financial and monetary resources introduced to the country."[104] SOEs and TNCs were given advantages in and benefited from Law 4131, mainly due to their privileged position, which enabled them to access foreign credits (Ibid). Other regulations increased the capital base and the capacity of foreign investors to accumulate and repatriate capital. One rule was that "profit restriction was revoked, and reinvested profits could once again be included in the 'capital base' figure on which allowable profit remittances were calculated" (Rocha 1994, 78). Brazil turned into a profit haven for TNCs as foreign capital was allowed to make profits not only through developmental means but through financial means as well, i.e., from the profits that they had already accumulated.

In line with the internationalization of the economy, the first two generals, Castello Branco and Costa e Silva, pursued policies that kept local industries at a clear disadvantage. Withholding credit from what the generals deemed the "inefficient" and "non-productive" local industries deepened the denationalization of the economy. Local industries, as a result, faced bankruptcies and were forced to sell their assets to foreign capital (Skidmore 1988; Rocha 1989; Rocha 1994). The privileges awarded to the TNCs and the denationalization of the Brazilian economy raised the ire of local industrialists, who started to agitate against the generals' policies, leading to some changes in the military strategy vis-à-vis local capital (Rocha 1994). This activism led general Costa e Silva, the second general ruling Brazil, to appoint Delfim Netto, São Paulo industrialist, as the minister of finance. Netto issued Resolution 63, paving the way for local industries to borrow in foreign currency through the intermediation of local banks (private and public, investment banks, and the BNDE). Resolution 63 allowed for $21.6 billion to "enter Brazil between 1972 and 1981" (Ibid, 80).

With the conclusion of the stabilization phase, technocrats and Brazil's generals embarked on a policy of debt-driven industrialization. The Central Bank, created in 1964, mediated all foreign loans and strengthened its oversight over the economy by setting high interest rates for private banks. Private banks emerged as one of the biggest winners from this equation. They mediated the channeling of large foreign loans to domestic capital and SOEs.

[104] The text of Law 4131 is available online on http://www.wipo.int/wipolex/en/details.jsp?id=8331 (Accessed April 15, 2018)

As they opened branches worldwide, they borrowed money and loaned it in dollars to local investors (Martone 1987, 8). Between 1966 and 1984, private banks controlled the largest share of the external debt (84.1% in 1982) (Ibid). Equally importantly, they charged high-interest rates on debt (11.7% in 1984) (Ibid, 23). Furthermore, private banks also played an instrumental role in the expansion of credit, primarily to the middle class, in order to incentivize the consumption of consumer durables produced at home (Filho and Morais 2018; Evans 1979; Rocha 1989; Rocha 1994; Martone 1987).

All the aforementioned transformations set the stage for the economic miracle (1967-1973), opening the economy to American and European transnational corporations (Skidmore 1988, 138). The growth of the industrial sector led to an economic boom (Hurtienne and Sperber 1983; Filho and Morais 2018; Skidmore 1988; Baer 2014).[105] The volume of exports between 1970 and 1974 almost quadrupled, reaching a high of 7.9 billion USD in 1974. The share of the locally manufactured goods in exports increased from 15.2% in 1970 to 29.2% in 1974.[106] Brazil diversified its industrial production, which now included "motor cars, aircraft, armored vehicles and capital goods" (Abreu 2000, 170). The sector responsible for the economic miracle was the car industry and the size of the labor force working in the automobile sector increased threefold between 1965 and 1975 (Annex) and produced 930 000 cars in 1975 (Annex).

The main implication of the rapid growth under the economic miracle was the denationalization of the economy. Of the ten most important industries, TNCs controlled the largest share (Evans 1979). By 1968, foreign investors controlled the pharmaceutical, automobile, food, textile, and many other industries (Hurtienne and Sperber 1983; Evans 1979). In 1973, the share of multinationals in exported manufacturing goods was 62% of the total exports (Evans 1979, 74). Moreover, foreign firms were responsible for the most significant share of long-term currency loans. They led "the way with 47.8 %, 37.3 %, and 50.8 % of the total loans to the private sector" in 1972, 1973, and 1974 respectively (Rocha 1994, 78). The twin processes of foreign firms' share in the economy and the fact that they controlled large shares of foreign loans fomented concerns among local industrialists that the military was denationalizing the economy and serving the interests of foreign capital. This condition would add to the series of criticism that local industrialists would use against the military when they withdrew their support from the BA regime.

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[105] See the World Bank Data, GDP % annual change (Accessed on April 14, 2018): https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=BR

[106] See The Historical Atlas of Brazil https://atlas.fgv.br/capitulos/ditadura-militar-1964-1985 (Accessed February 19 2019)

To exacerbate the situation, the years that recorded the highest level of growth (Annex), witnessed one of the most acute concentrations of income (Anglade 1985, 68; Hurtienne and Sperber 1983, 118; Rocha 1989, 430; Baer 2014; Bresser-Pereira 2016). By 1970, the wealthiest 5% received 34% of income, while the bottom 50% received only 14% (Hurtienne and Sperber 1983, 118; Anglade 1985, 68). The high levels of inequality raised the eyebrows of international institutions including the World Bank. Robert McNamara, then WB president, criticized the Brazilian miracle for failing to make the "fruits of growth more widely available" to lower classes (Baer 2014, 77). What shaped the WB argument at the time were the fears that higher levels of inequality and poverty would turn into a bulwark against capitalism and make Brazil a fertile ground for the rise of communism or socialism (Hirst 2007).

The Brazilian miracle did not only benefit large multinational corporations, but the civilian technocrats also benefited from this phase. The Brazilian miracle brought about an expansion of the bureaucratic apparatus and the creation of 231 SOEs to meet the growing industrialization needs (Trebat 1983, 48). The majority of SOE managers were holders of engineering degrees from prestigious universities and with managerial experience (Trebat 1983; Evans 1994). Brazilian generals were also sitting at the top of strategic SOEs such as the National Steel Company (CSN) and *Petrobras*, considered necessary by the generals for national security (Trebat 1983, 91).

The civilian-military technocrats were transformed into a state bourgeoisie (Evans 1994). As they oversaw the expansion of SOEs, they continued to present themselves as impartial administrators. In reality, they developed their class interests, which they shared with multinational managers and the employees in large-scale organizations (Evans 1994, 197). More importantly, they were earning astronomical salaries in the range of USD 50,000 and USD 60,000 (Trebat 1983, 92). For example, the salary of the Central Bank's governor reached 1 million Cruzeiros, which would be equivalent to 4,2 USD million today, and the *Eletrobas* manager was earning a 17-month salary (Dossier Superinteressante 2016, 41).

The internationalization of the economy and statism were met with exogenous shocks that shattered Brazil's dependent development and started to expose the contradictions of debt-driven industrialization under the auspices of a BA regime. The external debt during the miracle years rose from 14.9 US $ Billion to reach 24.8 US $ Billion in 1974 (Martone 1987). Debt service also rose from 4.4 US $ Billion to 6.5 $ US $ Billion in the same period and exacerbated the account deficit (Ibid). To complicate the problem further, at the time of the 1973 oil embargo, Brazil was entirely dependent on the import of oil, which served the

expansion of its consumer-durable industry. In 1973, 80% of Brazil's oil reserves were imported, and the rise of oil prices fourfold worsened Brazil's account balance (Ibid, 4). Furthermore, as a result of the quadrupling of the oil prices in light of the 1973 oil crisis, the sectors affected by the price hike "passed on their increased costs in the production process in the form of price increases" (Baer 2014, 101).

In 1974, the fourth president, General Geisel, pursued political liberalization to cover up the public deficit and combined it with the adoption of countercyclical policies that increased spending and an expansion of state-led investments during the recession (Baer 2014, 77; Baer 2018). The embodiment of these countercyclical policies was the Second National Development Plan (PND II) (1975-79). PND II modified the structure of the economy through ISI and the expansion and diversification of the export sectors as well as by attracting more international creditors to "finance the current account deficit and to postpone external adjustment" (Baer 2018, 98). PND II, therefore, inaugurated another phase of debt-driven industrialization and promoted heavy industries under the auspices of SOEs in collaboration with local and foreign capital (Rocha 1989; Baer 2014; Filho and Morais 2018). Some of these projects were indeed aimed at overcoming Brazil's dependency on oil imports and promoted a rapid expansion of infrastructure (Filho and Morais 2018; Baer 2014).

To match the grandeur of these mega projects, SOEs assumed an immense role under PND II. SOEs were involved in mega projects, such as building the largest hydroelectric dam in the world, large infrastructure projects, "nuclear power stations, and new telecommunications" (Filho and Morais 2018, 25). PND II also led to the rise of a whole "new generation of high technology industries revolving around the chemicals, aeronautics, and shipbuilding" (Ibid). While achieving a positive growth rate with "GDP expansion of 7% led by the industrial sector industrial sector growing at 7.5% per year" (Baer 2018, 97), PNDII was also responsible for tripling the size of the external debt. As the plan ended, the size of the external debt rose from 24.8 US$ billion in 1974 to 60.8 US$ billion in 1979. The BOP was exacerbated by Brazil's growing debt service, which rose from 6.7 US $ billion in 1974 to 14 US $ billion in 1979 (Baer 2014; Filho and Morais 2018). [107]

A significant development during this period of time was the rise of a competitive military-industrial complex that would in the early 1980s place Brazil as one of the top exporters of arms to more than 40 countries (Stepan 1988, 82-83). The first three years of military rule witnessed the close collaboration between the FIESP and the military in the arms

[107] For data on external debt stocks (April 15, 2018): https://data.worldbank.org/indicator/DT.DOD.DECT.CD?locations=BR

industry (Ibid, 82). In subsequent years, the military oversaw the emergence of the largest military corporation at the time, Embraer that had developed military and civilian airplanes (Ibid). As of the mid 1970s, the cooperation between the National Security Council, the Foreign Ministry, the National Industrial confederation (Ibid, 82) led to the "the modernization of armed forces and communication networks and the development of strategic areas such as nuclear power" (Diniz 1989, 113). Moreover, these developments would move Brazil from being a non-exporter of arms to the rest of the world to one of the largest in the mid 1970s that would only deepen and expand in the last five years under military rule (269 000 000 in 1984 compared to none in 1971, See Annex Arms Exports).

The last years of military rule (1979-1985) witnessed the deepening of the economic crisis. In 1979, oil prices doubled and a sharp rise in international interest rates in the early 1980s increased inflation from 40% to 85% between 1978 and 1980 (Annex). With a worsening external deficit, the last general-president, Figueiredo, became convinced of the necessity of pursuing locally administered structural adjustment measures (Baer 2014, 83). The policies included, among other issues, limits on the growth of loans, reducing subsidies on basic utilities, freeing prices of specific industrial sectors, downsizing public investments, and a devaluation of the currency by 30% (Filho and Morais 2018, 25). In 1982, Brazil also had to deal with the repercussions of the Mexican Debt Crisis, which led to the closure of "the international markets that had financed Latin American debt" (Baer 2014, 83). Brazil was at this point the most heavily indebted country in the world.[108] Foreign debt reached astronomical levels and debt service was 18.8 USD$ billion, "taking up 83 % of export earnings (with interest payments alone amounting to 52%)" (Baer 2014, 84) (Annex).

Although the last military government tried to avoid signing an IMF loan agreement, fearing a backlash from the popular sectors, the international institutions deemed locally administered structural adjustment policies inadequate to deal with a crisis of this scale (Baer 2014, 84). Brazil finally signed the IMF loan agreement in 1982, which led to further devaluations of the currency, "the reduction of domestic demand by finding ways of reducing private consumption, investment and public expenditures and increasing tax rates" (Baer 2014, 84). The fund also required changes to the wage policy adjustments that had been occurring biannually since 1979. The IMF requirements laid the burden on the working class even further (Ibid, 85). The program resulted in negative growth rates, while unemployment was on the rise and the number of extremely poor and poor households increased, with the

[108] See the data on external debt: https://atlas.fgv.br/marcos/governo-figueiredo-1979-1985/mapas/divida-do-mundo-em-1982 (Accessed February 19, 2019)

percentage of people living below the poverty line reaching one of its worst levels (Annex). By 1983, the share of total income of the poorest 40% was 8.1%, while the share of the richest 10% of total income was 46.2 %, all of which confirms that those who bore the brunt of structural adjustment were the lower classes.[109] The government proposed an emergency plan and nationalized foreign debt to avoid a complete collapse (Ibid, 27). While "the state owned 20% of Brazil's foreign debt in the 1970s, by the late 1980s it owned 90% of the foreign debt" (Ibid). The controversial move imposed significant roadblocks on the civilian rulers in post-military Brazil. With high levels of public debt, the post-military governments had to deal with the question of financing debt interest payment and with the astronomical levels of inflation that had reached into three digits under military rule.

Two decades of military rule brought Brazil into a more severe crisis than the one experienced under Goulart. The crisis exposed the limits of debt-driven industrialization under the auspices of a military regime. The generals' policy, as has been argued, was driven by the beliefs that the poor and working class' consumption patterns were no longer necessary at this stage of industrialization and that the working class' labor power ought to be controlled and repressed to appeal to international investors.

Despite the military's quest to expand the industrial sector, the policy reached its limits amid growing dependence on international stability, the flow of foreign aid, and investments. Amid a growing economic crisis, the industrial sectors could no longer absorb the waves of rural migrants seeking jobs in the formal industrial sector. By the end of the military's rule, the percentage of the population living below the poverty line had reached its highest levels (23% in 1983) in the modern history of Brazil (Annex). The number of poor and extremely poor households is also recorded at astronomical levels (Annex). Unemployment, as a result of both the economic recession and punitive dismissals, was also on the rise.

The astronomical rise of living costs ushered in a wave of activism among the urban poor that became an expression of their disenchantment with the deliberate policies of marginalization and state neglect. The struggles led by residents of urban peripheries were therefore crucial to mounting a counter-hegemonic project to the regime in power. The "cost of living" movement that they had launched in the mid-1970s set the stage for labor militancy in the late 1970s. In turn, the formal working class, repressed and silenced politically and exploited economically, rose defiantly amid wage depreciation and an open attack on job

[109] See World Bank Data: https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=BR

stability and the right to work (Annex). Those who earned the minimum wage had to spend it all back to secure necessary living conditions (Rocha 1989). A 1984 household survey by *Instituto Brasileiro de Geografia e Estatística* (The Brazilian Institute of Geography and Statistics [IBGE]) found that by 1984 more than 50% of Brazilian families lived in extreme poverty (Ibid, 527).

Initially, the regime sought to promote better salaries for the middle class and to incentivize their consumption by including them in the cycle of consumer durable production of the miracle phase. As a result of high levels of inflation, the middle class saw their capacity to consume dramatically slashed and the value of their wages eroded. Between 1980 and 1984, the middle class suffered a wage compression of 24% (Rocha 1989, 527). White-collar workers, teachers, and health professionals, as well as workers in the services sector and the banking sector, also led an unprecedented wave of strikes (Alves 1985). Middle-class professionals, namely lawyers and journalists, were not only alarmed by the worsening economic conditions, but also by state repression, which put their careers at sake.

5.3.3 The Military and the Local Business Community

The local business community, which supported the 1964 coup against Goulart, grew skeptical over time of the economy's internationalization and financialization, and of the deepening of state intervention therein. Adding to the growing feelings of encroachment on their interests, the local bourgeoisie was antagonized by the way the BA regime closed the channels for "private interests". The regime became too independent from local industrial capital, which in turn facilitated capital's withdrawal from the post-1964 authoritarian coalition. As Diniz has argued, "their joining the anti-statist coalition contributed to the collapse of the authoritarian regime, and thus they participated in the political liberalization and the inauguration of a new democratic order of the period between 1975 and 1985"(Diniz 2011, 60).

Initially, the tensions between the local business community and the military flared up early on when the military tried to eliminate support of the "inefficient" local industries and instead support foreign capital investments. Through effective lobbying, they regained control of the ministry of finance under Costa e Silva (Rocha 1989). This move appeased the local industrialists only temporarily. Following the miracle years, the local business community was alarmed by the expansion of SOEs that they viewed as eclipsing their business interests. This expansion, as has been argued, was prominent under Geisel's countercyclical policies. Moreover, as the economic crisis worsened, local businesses were antagonized by the military

regime's bending for international creditors and transferring funds away from industrialization to pay the debt service. In sum, the local industrialists saw that the military prioritized monetary and financial policies to deal with their astronomical debt, at the expense of industrial policies (Rocha 1989).

The local bourgeoisie hoped that a democratic system, rather than authoritarianism, would allow the representation of their interests (Diniz 1989; Filho and Morais 2018). As the military regime insulated itself politically and became autonomous from this important class, the business community argued for the implementation of a more liberalized political system that would pave the way for them to exercise some "control over decisions that affected their long-term interests" (Filho and Morais 2018, 116). However, unlike the militant working class, they did not advocate for a radical overhaul of the system. It can hardly be argued that they totally withdrew from the authoritarian pact; instead, they sought to reform it (Diniz 1989).

5.4 Conclusion

This chapter offered an analysis of Brazil's capitalist transformation between 1930 and 1985. The chapter confirms the arguments made by O'Donnell pertaining to the conditions underlying the transition from ISI under the auspices of a populist regime to the deepening of industrialization under military rule. The chapter has also shown that the conditions, discussed in the Introduction and the Theoretical Chapter of this dissertation, leading to the delegitimization of the military rule were present in the case of Brazil. The first condition pertains to the capacity of the working class to challenge state corporatism that emerged under military rule. I showed that the corporatist structure that controlled the working class for two decades was vulnerable because the military concentrated all of its efforts on controlling the top leadership. In the lower levels, there was more tolerance for the participation of union candidates if they were neither traditional leftists nor populists. This military strategy opened the doors for the new union leaders who distanced themselves from the populist and the traditional leftist parties to strategize and conquer the union structure and thereby to transform it.

The other contradiction was that the repression, tightening of the political space, and policies of economic dispossession that were implemented under military rule to exclude the working class politically and economically had widened the array of the social classes who were dispossessed and repressed by the generals. As the military faced an acute economic

crisis in post-1973 Brazil and as the crackdown did not shield the middle class, which had supported the 1964 coup, struggles for political freedoms signaled the narrowing of popular support for the post-1964 authoritarian coalition. The repression affected the working class primarily but did not shield the middle class, including guerilla fighters, lawyers, and journalists. Finally, the rise of the informal sector, which had escaped corporatist control, also contributed to its demise (Power and Doctor 2004, 227). The economy in the last years of military rule could no longer absorb the surplus of impoverished rural migrants in the formal sector. Under conditions of state neglect and marginalization, the informal sector was mobilized to resist their dispossession, supported by a progressive Church. All of these factors provided grounds for dismantling military rule.

The chapter also showed that the other condition discussed in the Introduction of this dissertation, pertaining to the divisions between the military and the local business community, was also present in Brazil. Under Brazil's military rule, the local business community, which had initially supported the coup, grew wary of the generals' economic policies that seemed to benefit high-ranking technocrats and military personnel, local banks, and international creditors as well as TNCs. The military regime therefore fulfilled the ambitions of a handful of a political and economic elite, which came at the expense of an impoverished majority as well as local industrialists. Moreover, as the military personnel governing the country became aware of the fact that the regime was starting to loose popular legitimacy, and as the security apparatus grew stronger and hence detrimental to the military institution's interest, the prospects for regime change in Brazil became more promising. However, as will be shown in the following two chapters, it was the struggles of the formal and informal working class that changed the terms of the transition to civilian rule and that have shaped the process of constitution-making so that social and economic rights are part and parcel of the negotiation of the post-military citizenship.

Chapter 6: Social and Political Mobilization under Military Rule in Brazil (1964-1985)

6.1 Introduction

In Chapter 5, I traced the changes that accompanied Brazil's capitalist transformation, focusing on its effects on both capital and labor. This chapter identifies the classes that played a protagonist role in pressuring for democracy, and investigates the cross-class mobilization and the nature of inter-class alliances that shaped the transition to civilian rule in Brazil. In this regard, this chapter argues that as of the mid-1970s the poor and the working class were the ones to play the protagonist role in delegitimizing military rule and the struggles for democracy. I show however that this working-class militancy of the mid- and late 1970s was not born in a vacuum; instead, it was based on political learning that took shape over the years and became embedded in grassroots activism. The argument proceeds in several steps.

Firstly, the struggles that preceded the rise of the working-class in the industrial hubs, Santo André, São Bernardo do Campo, and São Caetano do Sul (ABC), in the late 1970s failed to delegitimize the military regime because the military was still committed to using repression. However, these struggles taught workers important lessons and set the stage for the late 1970s working-class activism. The guerillas in the late 1960s made explicit to the working class the parameters of the permissible and the non-permissible action under military rule. The military's crackdown on leftist armed groups made it clear for those who wanted to contest the regime that a violent option would not yield results in the case of Brazil. The guerillas are also important to consider given that some of their members have joined the first anti-establishment party, the *Partido dos Trabalhadores* (The Workers' Party [PT]) (Gómez Bruera 2013, 31). Moreover, the chapter also examines the rise of the progressive Church that had politicized the struggles of the urban poor and the peasants through Church-based communities. Some fractions of the Church influenced by Liberation Theology played an instrumental role by providing alternative spaces for organizing, and mediating the relationship between the formal and the informal working class, the peasants and the industrial working class. In this respect, it broadened the appeal of the PT beyond the industrial centers and the industrial working class to incorporate also the rural areas and the urban peripheries (Houtzager 2001; Gómez Bruera 2013).

Secondly, the working-class strikes and mobilization in the late 1970s and early 1980s delegitimized the regime in power by spreading a culture of protest in various regions across Brazil and across different work categories. The horizontal spread of mass mobilization drew

into this circle of opposition white-collar employees, the employees of the services sector, the landless peasants, and the residents of the urban peripheries. Moreover, grassroots militancy at the workplace drew the new union leaders closer to their bases and to their communities. For example, the *sindicalismo de base* (shop-floor level unionism) became the basis for imagining alternative citizenship premised on horizontal ties.

Thirdly, as these forms of class mobilization delegitimized military rule, they were met with the creation of the PT and the anti-corporatist federation, the *Central Única dos Trabalhadores* (Unified Workers' Central [CUT]). These two anti-establishment institutions were the culmination of the class struggles and the inter-class alliances that emerged under military rule.

I also argue that in Brazil there were important conditions that facilitated the rise of subordinate class organizing. The military's commitment to leaving power and pursuing a controlled liberalization gave the subordinate classes time and space to hone their political skills and to translate their demands into party and union formation. The process of political liberalization took at least a decade. This extended period allowed the new union leaders to build on the gains they had achieved during the last decade of military rule. Moreover, the long liberalization process paved the way for the combative unionists to learn more about other union tendencies that were not necessarily willing to engage in combativeness or a greater democratization of labor relations. Timing allowed the combative leadership to better position itself not only with respect to the dominant classes and the ruling elites but also with respect to the members of the union movement that continued to compromise with the military and capital at the expense of workers. The chapter illustrates this argument by focusing on the struggles under military rule. It then moves to address the rise of the PT and CUT. The last section is the conclusion.

6.2 Social and Political Mobilization under the Military Rule (1964-1985)

6.2.1 Working-class Mobilization under The Military Presidents: Castello Branco and Costa e Silva (1964-1968)

This section examines the first wave of working-class militancy under the first two military presidents, who oversaw the implementation of stabilization policies and military repression that obliterated prospects for working-class organization and mobilization between 1968 and 1976. I argue that the working-class strikes of the late 1960s are important to examine firstly because they attest to the fact that the working class did not agree to the

military policies; indeed, it was the first class to resist these policies, and did so from the very beginning. The second important implication is that these early working-class struggles taught the union leaders of the late 1970s important lessons. Chief among them was the necessity to preserve the factory committees, i.e., not to dissolve them even if workers achieved immediate material gains. Thirdly, lessons from the strikes of the 1960s informed how the new leaders in the late 1970s could brand themselves and their awareness of the necessity of creating a new identity that would shield them from state repression. The experiences of the late 1960s showed that the new union leaders could not openly label themselves as leftists or populists, as these identities triggered the anxiety of the military and invited outright repression. The fourth lesson for the new union leaders was in relation to strategizing and conquering rights. An inter-union movement that transcended the divisions imposed by the regime emerged in 1967; the movement was repressed, but it sowed the seed of the possibility of spreading the struggle both geographically and across different categories to weaken the corporatist grip. The following section proceeds chronologically to address the rise and fall of the union movement of the late 1960s. First, however, it provides the historical and political context for this movement.

Castello Branco, the first general-president, inaugurated his term with explicit statements that the military was abandoning the class harmony that had underlined populism in order to implement a series of fiscal and monetary policies treating the right for decent wages and employment as an impediment to investments. Wage squeezes, cuts to state subsidies on oil and bread, currency devaluation, and abolishment of employment stability were the order of the day. Branco's stabilization policies were accompanied by the military's quest to deactivate the working class and depoliticize its demands. Union interventions were made and the PTB, along with several other parties, was abolished in 1965. As the Castello Branco administration was under attack for torture cases that made news headlines (Alves 1989, 282), Costa e Silva inaugurated his term with the policy of relief (Alves 1985, Kindle Location 1842). The Costa e Silva initiative initially offered a liberal interpretation of the restrictive 1967 Constitution and proposed to meet with the opposition offering, "limited concessions in exchange for limited legitimacy" (Ibid). Rather than achieving its objective of co-opting the opposition, the policy ended up renewing class mobilization but the military brutally ended this mobilization with the deepening of repression.

During the early years of military rule, the middle class, university students in particular, some elements of the upper class, and some members of the Church started to voice their opposition to the military regime. The main rallying point for the middle class was

regime brutality and far-reaching repression of the civilian population by the military police. At the forefront of middle-class organizing were university students, whose struggles drew the attention of the press, artists, and intellectuals. Moreover, some members of the Catholic Church abandoned their conservative stances (Della Cava 1989, 146). It is worth noting, however, that the upper spheres of the Church remained tied to a conservative and elitist agenda and continued to support the military. One of the primary developments that triggered this division within the Church was the Second Vatican Council, which urged clergy to be "more present in the lives of the faithful" (Ibid; Ondetti 2008, 53). Vatican II was followed by the Second Conference of Latin America's bishops in Medellin/Colombia in October 1968 (Ibid).110 With the conclusion of the Medellin Conference, some of the Brazilian bishops who embraced Liberation Theology adopted a pro-poor stance, which stipulated that the "Bible itself demands that the faithful act against the 'sinful structures' of social injustice" (Ondetti 2008, 53). The Church's Liberation Theology shaped oppositional politics during this phase, supporting the student movement. In addition to the Church's new stance and to student mobilization, some of the elites were antagonized by their marginalization by the military. This elitist opposition materialized with the Frente Ampla (The Broad Front) demanding political democratization, but the Frente Ampla was immediately repressed (Alves 1989, 282).

It is against this background that the working class organized the two most important strikes since the 1964 coup in the two cities of Contagem (State of Minas Geraïs) and Osasco (State of São Paulo). The strikes took place amid two main developments that shaped working-class militancy. Firstly, in 1967, an inter-union movement emerged against the policy of wage squeeze with the intent of redeeming the union structure from the regime. The movement was not tolerated by the military because it became the seed for union opposition (Giannotti 2007, 197; Alves 1985, Kindle Location 1971). Before being obliterated by the military, this movement inspired the aforementioned strikes (Ibid; DIEESE Interview with Enîo Seara). Secondly, Costa e Silva, the second military president, pursued a policy of "union renovation" to slightly relax repression against the working class by trying to co-opt trade unionists through their incorporation in a dialogue with the regime (Alves 1985, Kindle Location 1842). Driving this initiative was the military's awareness that although they could shield themselves politically from the working class, they could not ignore them totally;

[110] For the text of Medellin 1968: http://www.diocese-braga.pt/catequese/sim/biblioteca/publicacoes_online/91/medellin.pdf (Accessed January 30, 2019)

workers were still very important for the sake of deepening industrialization. This policy ushered in the rise of unexpected working-class organization and mobilization (Ibid).

The first strike hit the industrial city of Contagem. Oppositional unionists presented themselves to run for union elections but were banned from doing so by the Regional Labor Board (DIEESE interview with Enîo Seabra). The greatest fear of the generals was that the opposition union leader, an employee of Mannesmann, the largest and most important German corporation in Contagem, would turn the members of the working class (nearly 12 000 workers) against the military (Ibid). To add to the military anxiety, the leader of the union, Enîo Seabra, had also formerly been affiliated with a leftist group, the Ação Libertadora Nacional (ALN), an offshoot of the Partido Communista Brasileiro (The Brazilian Communist Party, [PCB]) created in 1968 to resist the military regime (Ibid). While the PCB pursued a quietist policy after being repressed, the ALN drew support from the workers and turned to urban guerilla warfare (Ibid).[111] All of these factors triggered the anxiety of the generals and motivated them to silence Seabra. Even though the military banned him and his colleagues from running for union elections, the working class in Contagem organized a wildcat strike in the largest mining company, Belgo Mineira. The factory committee in Contagem demanded an end to the wage squeeze and a 25% wage increase (DIEESE interview with Enîo Seabra; Alves 1985). Workers pursued the militant strategy of taking their managers hostages and inspired their fellow workers to launch a strike that lasted 20 days (Alvez 1985; Giannotti 2007, 198; DIEESE interview with Enîo Seabra). Already by the first week, 15 000 workers from Contagem were on strike (DIEESE interview with Enîo Seabra; Alves 1985). However important the Contagem strike was in showing that the working class was not supportive of the regime, the demands raised by the workers were limited in scope. This fact left room for the military to immediately demobilize them by announcing a national 10% raise, after which workers in Contagem resumed work (Alves 1985; Giannotti 2007).

The working class in Osasco, one of the important industrial cities in the state of São Paulo, rose a few months later (Alves 1985, Kindle Location 1983). Given the history of working-class militancy in Osasco, the strike there was less of a surprise, and hence the military was much more prepared to pursue repression. Osasco had been home to labor activism in 1961 and 1962, which made it one of the first targets for military intervention (DIEESE interview

[111] For the trajectory of the leftist organizations check the Getulio Vargas Foundation: https://atlas.fgv.br/marcos/de-castelo-branco-medici-1964-1975/mapas/trajetorias-das-organizacoes-de-esquerda-nos-anos (accessed January 15, 2019)

with José Ibrahin). In Osasco, the 1967 Metallurgic Union election brought new blood to the union, which was neither populist nor traditional leftist. Rather, the elected leadership enjoyed good ties with the Church and the student movement (Giannotti 2007, 197). A large number of the workers there were secondary school students by night (Alves 1985, Kindle Location 2008). The strike began with the factory committee in Cobrasma, an automobile industry with 10 000 workers, declaring a strike (Alves 1985, Kindle Location 1995). When the strike spilled over to other industries in Osasco, 6000 workers were already demanding the end of the wage squeeze and the reinstatement of collective agreements (Giannotti 2007, 198). As was the case for Contagem, the military heavily repressed the strike. On the second day of the strike, the military intervened in the union. The main leader was jailed, and when he was released, he was forced into exile and only allowed to return after the 1979 political amnesty campaign (DIEESE interview with José Ibrahin). The strike also ended with the enactment of more repressive measures, including Institutional Act No.5, which ended the rule of law, closed Congress for a whole year, and initiated rule by executive decree. Institutional Act No.5 was accompanied by the National Security Law (1969), which criminalized all forms of opposition to the regime (Alves 1989, 285).

Repression weighed heavily on the working class and ended two crucial developments that had started under military rule: the realization by workers of the necessity of pursuing cross-class alliances and soliciting support from the progressive Church, and the mobilization of factory committees and the inter-union movement. The late 1960s thus provided essential lessons for new union leaders in the late 1970s. First of all, the issue of factory committees was raised at the 1967 National Congress for Union Leaders (Keck 1989, 259). At the heart of the debate was whether these committees ought to be created and subsequently dissolved once they achieved their objectives or remain mobilized, and hence tied to the rank and file, to become the nucleus for continuous activism and politicization of the working-class and its demands (Ibid). This debate would be carried out by the union leaders of the 1970s, who saw the factory committees as the central pillar supporting the rise of strong grassroots working-class organizing in the late 1970s and for creating an alternative relationship between the unionists and the rank and file "in which the latter would have to be organized for an on-going shop-floor or local activity" (Keck 1989, 259). In the late 1970s, the unionists who led the wave of strikes would build on this idea of factory committees to create strong unions at the base level. Moreover, the leaders of the 1970s also built on the idea of an inter-union movement that transcended occupational and regional categories imposed by the state to appeal to the entirety of the working class in the whole country.

The new union leaders of the 1970s were also aware of the necessity of creating a new identity that would appeal to their rank and file but simultaneously remain shielded from outright repression in order to achieve immediate gains and redeem the union structure. The most important lesson of the late 1960s was that the regime expressed zero tolerance towards leftist unionists. This zero-tolerance policy would become more explicit between 1968 and 1973, when radical leftist armed guerilla groups suffered heavy-handed repression. Finally, the working class also learned that the military's decision to tighten its grip by enacting Institutional Act No.5 and the National Security Law entailed that workers had to wait for the military's decision to liberalize the regime to rise in opposition a decade later.

6.2.2 1968-1973: The Economic Miracle And The Repression of the Armed Guerillas

Medíci, the third military president inaugurated his term with a closed Congress and a crackdown against civil and political liberties (Ondetti 2008, 52; Skidmore 1988). Ensuring political stability, containing the communist threat, and undermining prospects for any form of resistance to his economic policies were necessary to achieving the objectives of the economic miracle. Under Medíci, the working class had no other option but to relinquish the strike (Interview with CUT unionist, Former Union Militant at Ford). Repression obliterated workers' capacity to mobilize and the military spread fear among workers.

The protagonists of the struggles during this period were university students, who turned to armed rebellion (Alves 1989, 285). The PCB and the Church embraced non-violent resistance, leading some activists who believed in the armed struggle option to create their own organizations. Some of these organizations still enjoyed ties with the Church, including the *Ação Popular* (Popular Action [AP]), a leftist organization prominent among students (Alves 1985). The other central split within the ranks of the PCB led to the ALN, which I have already discussed. Another leftist organization that pursued aggressive actions in urban areas was the Popular Revolutionary Vanguard (VPR), which brought together radical nationalists and Marxists (Napolitano 2018). Finally, the *Partido Communista do Brasil* (The Communist Party of Brazil [PCdoB]), a Maoist offshoot of the PCB, organized a base in the Amazon between 1967 and 1971, when the military uncovered and ended their activities (Napolitano 2018).

These guerilla organizations were committed to ending military rule by instilling a revolutionary alternative that promised radical income distribution. Their operations freed some political prisoners and brought about some improvements for Brazil's poor. However,

they failed to achieve their broader objective of freeing Brazil by the force of arms because they could not draw significant support to their struggles. Firstly, they hailed from an urban middle class who tried to reach out to Brazil's poor and rural areas but had no knowledge of their real conditions (Skidmore 1988, 119-122). Secondly, some of these guerillas launched their operations "in the rural side with no connection to what was happening in the urban areas" (Alves 1989, 285). Thirdly, the rise of the guerrillas did not gather popular support. The acts of vandalism that the guerillas used to finance their activities led to a generalized perception that it was these acts that led to the deepening of state repression (Ibid). Fourthly and most importantly, the Medíci government successfully obliterated the guerillas by launching a special unit, the Internal Defense Operations Center–Operation and Information Detachment (DOI-CODI) (Napolitano 2018). The population, as the result of these four areas of failure, blamed the guerillas rather than the regime for the deepening of repression; in the public perception, it was the guerilla movement that gave an excuse "for implementing the most violent policy of repression in the history of the country by enforcing press censorship, spreading armed guards in the newspapers offices, radio and TV stations, closing universities and repressing with military invasions of premises and troop occupations, faculty purges and intolerance of student dissent" (Alves 1989, 285). Hence, with the poor and working class ruled by the iron fist and the middle class still seduced by astronomical growth and "full employment, good wages, and widespread consumption of durable goods" (Napolitiano 2018), the guerilla groups failed to provoke democratic change.

The lessons drawn from the failure of the guerilla movement were equally important. First of all, it confirmed once again the regime’s hostility to factions that had openly labeled themselves leftists. Secondly, the guerilla movement taught the new union leaders that the armed option was not viable. The Brazilian military had no qualms about using all its capacity to abort an armed revolutionary alternative. Hence, the only viable option was the non-violent peaceful one. Finally, and equally importantly, the violent alternative did not elicit support from the Brazilian population at large.

6.2.3 Geisel’s Distencão (1974-1978) and the Reemergence of the CEBs and CPTs: Politicizing Daily Struggles in the Urban and Rural Areas

Geisel the fourth general-president was a proponent of political liberalization who assumed power at a time when the security apparatus was growing stronger and more intrusive in Brazil. Geisel’s objectives of promoting a gradual and secure transition to civilian rule was met with the security apparatus resistance that had a deep interest in maintaining the

authoritarian structure intact and in impeding the liberalization process (Skidmore 1988, 167; Stepan 1988, 25). In fact, as soon as Geisel announced his policy of *distenção* (decompression) to "reduce the power of the executive, remove prior censorship on newspapers and radio, and reinstitute habeas corpus for political prisoners" (Ondetti 2008, 55), he faced important resistance from this sector (Skidmore 1988, 164). In the first few months of Geisel's term, the military had come under scrutiny by its former allies including the Bar association and the media, for failing to control the security apparatus after recurrent attacks on journalists, lawyers, and researchers (Skidmore 1988, 168-169). The crackdown alienated the pro-military middle class from the regime (Napolitano 2018; Alves 1985). For example, the elitist bar association, which had historically sided with the military, supported one of its lawyers who dared to sue the military after being tortured by the DOI-CODI (Skidmore 1988, 168). Moreover, newspapers criticized the government for failing to keep up with their promises concerning the phasing out of censorship (Ibid, 169). It was against this background that the 1974 Congressional elections were held. The government allowed free media time for all candidates and the Brazilian Democratic Movement (MDB) seized the opportunity to present itself as better suited than the ruling party to carry out Geisel's liberalization plan (Ibid, 172). This winning strategy was reflected positively at the ballot box when the MDB doubled and tripled its representation in the lower house and the senate respectively (Ibid; Ondetti 2003, 53).

Equally important to the question of a military loosing its base support during this period of time was the growing Church criticism of the military regime (Stepan 1988, 37). The church based organizations linked to liberation theology were the most significant forms of non-violent resistance to military rule preceding the working-class militancy in the late 1970s. In the mid-1970s, the proponents of Liberation Theology started to assume an important role in organizing the poor and politicizing their daily struggles.

I have argued in Chapter 1, that in the context where the religious institution is autonomous from the state (in terms of financing, appointing religious leaders, etc) and whenever it opts for siding with the poor and the working-class, it could play an important role in the democratization process. This is the case for Liberation Theology in Brazil which was not tied to the military authoritarian structure, departed from the Church's historical alliance with the elites, and was in a unique position to "secure resources from abroad which came in the form of international cooperation projects and were used to support" the subordinate classes (Gómez Bruera 2013, 31). The Church also provided an arena where inter-class alliance and cooperation could be formed. The formal working-class and the

informal working-class' participation in the Church based communities sowed the seeds of cooperation which helped the workers and the residents of the urban peripheries to perceive the struggles over daily life (ushered in by the residents of the urban peripheries) and the struggles for the betterment of work conditions and living wages (the struggles of the formal working-class) as interconnected (Seidman 1994; Riethof 2018). The Church organized the most vulnerable social classes, the residents of the urban peripheries and the landless peasants (Keck 1992, 48-49). Throughout, the progressive Church contributed to the PT's "pluralistic character because it helped the party to acquire a strong presence in a number of rural areas and became a mass based socialist party that united workers from the city and the countryside" (Gómez Bruera 2013, 31).

For example, the Church-based organizations linked to Liberation Theology were the most significant forms of non-violent resistance to military rule preceding and setting the stage for the working-class militancy of the late 1970s. In the mid-1970s, the proponents of Liberation Theology started to assume an important role in organizing the residents of the urban peripheries and the landless peasants and in politicizing their daily struggles. Reinvigorating the Church's presence was accomplished via the creation of *Comunidades Eclesiais de Base* (Church-Based Communities [CEBs]). The CEBs became an important rallying point for organizing the opposition against the military (Cavendish 1994, 181).

The residents of the urban peripheries contested the policies of dispossession and state neglect under military rule and were supported by the CEB associations (Monteiro 2015; Seidman 1994; Sandoval 1993). Several demands were raised by CEB activists and the residents of the urban peripheries, ranging from support for better transportation in the Quebra-Quebras / Break-Breaks movement; the betterment of services and public utilities, including water and electricity, in the neglected urban peripheries; and childcare for working-class mothers (Seidman 1994, 203). For example, the Quebra-Quebras movement, which emerged from activism in poor neighborhoods, protested the rising prices of bus fares, often leading to bloody confrontations with the police (Seidman 1994, 204). The movement also reflected "concerns over the work-related issues such as low wages" (Ibid). Residents of the urban peripheries also tried to reclaim the right for housing and occupied lands to build houses amid worsening economic conditions. This movement became known as the movement of squatters and was prevalent in São Paulo, Rio de Janeiro, and Belo Horizonte (Ibid).

The most influential movement that emerged led by residents of the urban peripheries and the CEBs was the 1973 *Movimento Custo de Vida* (Cost of Living Movement [MCV]).

The MCV emerged from the Church-linked Mothers' Club in the south of São Paulo (Monteiro 2015; Sandoval 1993, 115; Seidman 1994, 206; interview with PT deputy and former CUT president; interview with SCANIA militant and PT founder). It was led by women who wanted to draw state attention to the most challenging issues facing poor neighborhoods, such as the absence of adequate health services and the high costs of living (Monteiro 2015; Sandoval 1993, 115; Seidman 1994). These women activists involved 700 CEBs, which administered a survey addressing these issues. In subsequent years, MCV activism culminated in one of the largest protests under military rule prior to the strikes of the late 1970s, bringing together about 20 000 participants from different walks of life. Protesters demanded a government "freeze on the prices of staple foods; increasing salaries above the rising cost of living and the disbursement of the 13th salary to all workers" (Monteiro 2015, 3).

In 1975, the Church's grassroots organizing also spread out to the countryside with the creation of the *Comissão Pastoral da Terra* (Pastoral Commission on Land [CPT]). As Keck has argued, "the concentration of land ownership, the expansion of capitalist agriculture, and emphasis on export and industrial crops over food crops in rural areas led to an increase in land struggles" (Keck 1989, 261). The CPTs were created to assist combative and militant action there. Proponents of Liberation Theology initiated their activism in the Amazon, alarmed by the situation of the peasants, and sought to assist them in defending their rights, especially the right to farmland, eventually spreading their activism beyond the Amazon (Ondetti 2008, 53). Hence, CPTs played an important role in organizing the peasants and promoting combativeness among rural unionists (Keck 1989, 261; Ondetti 2008).

Both the CEBs and the CPTs created an informal space outside the military's oversight and control. This space allowed for imagining alternative citizenship premised on grassroots democracy, horizontal ties, and collaboration among community members (Seidman 1994; Riethof 2018). These forms of activism set the stage for the working-class militancy of the late 1970s. The militant leaders who led the strikes were also active members of the CEBs who cultivated ties with their communities beyond the workplace. The rise of the CEBs and the CPT meant that workers had allies in their struggles and could tie their struggles at the workplace to broader issues of decent living and land reclamation. More importantly, the unionists who were also activists in the Church-based communities managed to shield themselves not only from repression but also from the demobilization that could ensue from repression (Riethof 2018, 87). Hence, as they remained tied to the CEBs, they remained mobilized and tied to their communities (Ibid).

As the working class rose in contention, they exercised one of the very first experiments in participatory democratic practices. Workplace and factory committees were turned initially into informal institutions, which were later recognized in some industries, to aggregate and politicize working-class demands. As the factory committees were embedded in their local communities and the CEBs, inter-class alliances were forged, leading to a horizontal practice of citizenship that determined local needs and wants and that protested the vertical ties imposed by the military (Riethof 2018, 87; Seidman 1994; Keck 1989). Not only the residents of the urban peripheries and the workers viewed their struggles as socially and politically constructed, (Riethof 2018, 87; Seidman 1994) the process of grassroots democracy at the workplace, which was tied to grassroots activism, spurred mass mobilization, broke fear barriers, and further delegitimized the military regime. It culminated in an alternative agenda that reflected the wide variety of the democratizing actors (Ibid).

6.2.4 The Reemergence of the Working-Class: 1976-1985

Industrialization, Urbanization, and Relations of Production

This section examines the effects of industrialization and urbanization on working-class conditions and mobilization in the last decade preceding the transition to civilian rule. RSS (1992) argued that the unintended consequences of capitalism (industrialization and urbanization) play the most critical role in applying pressure for democracy. In RSS' view, the large concentration of an exploited working class in large industries facilitates their mobilization. They also argue that capitalist transformations bring about urbanization and improved transportation and communication means that facilitate working-class mobilization. This section tests this argument in Brazil. It argues that, alongside these contradictions, there needs to be a better understanding of the workplace relations that sowed the seeds of solidarity across different industries. As it had been previously argued, the working-class mobilization was embedded in other formal and informal structures that mediated and preceded the rise of working-class activism. The CEBs, for example, were a training ground for workers, arming them with experiences in grassroots mobilization and paving the way for their alliances with their fellow CEB members.

The military's industrialization policies facilitated urban expansion and the recruitment of a large industrial and exploited labor force in Brazil's southeast (Annex). The military economy expanded the process of urbanization, which in turn helped the deepening of industrialization. Urbanization was also accompanied by the labor migration from the

countryside, labor that was absorbed by the industrial sector. Such policies led to a situation wherein by 1980, more than fifty percent of the population lived in cities of more than 20 000 residents (Faria 2008). Accompanying this wave of urbanization, the industrial and manufacturing sectors' labor power grew from 2,940,242 to 10,674,977 between 1960 and 1980 (Keck 1989, 259).

The industrial expansion was concentrated in the southeast of Brazil. The state of São Paulo alone accounted for "49% of the secondary sector (industrial) employment in the 1970s and 47% in the 1980s" (Keck 1989, 260). The most prominent were metalworkers in the industrial region of ABC in the southeast of the state of São Paulo (Ibid). As the economic miracle drew to a close, ABC metalworkers constituted 32.79% of the industrial working class in the southeast of Brazil; the numbers rose to 34.1% in 1980 (Ibid). The ABC metalworkers became responsible for initiating a wave of strikes in their work category in 1978 that would, in turn, spread a contagion of strikes to other sectors of the economy.

ABC's urbanization exhibited unique characteristics that also facilitated working-class organization and the rise of inter-class alliances. Firstly, ABC hosted a large concentration of big industries that were close to each other. The large concentration of exploited workers who were also geographically connected facilitated communication among them. Another specificity in ABC that facilitated mass mobilization and inter-class alliances was the fact that the informal working class had built up the *favelas* and their houses next to the industries.[112] The geographical proximity of the *favelas* to the industries mediated by the aforementioned CEBs facilitated alliances between the formal working class and the residents of the urban peripheries (Seidman 1994; Riethof 2018). Finally, in ABC, the Union of Metal Workers, which played a leading role in the workers' mobilization, was close to the Church (Seidman 1994; Humphrey 2017). As I have argued, the progressive Church played an instrumental role through the CEBs in supporting the struggles of the poor and the working class. More specifically, in the context of working-class strikes, the Church turned into an informal place for workers to hold their assemblies whenever repression intensified and whenever union interventions were made (Sandoval 1993; Seidman 1994). The Church, therefore, shielded the working-class from demobilization.

Other factors also facilitated the rise of the ABC metalworkers. Firstly, the public sector was prohibited from initiating strikes as per the anti-strike law. However, the metalworkers' industries were not included in the economic categories where strikes were

[112] See The Documentary of the Srikes in ABC, ABC da Greve: https://www.youtube.com/watch?v=Hdil9CRlu4c

banned. As a result, the metalworkers could seize this loophole to start mobilizing. Secondly, the metalworkers of ABC developed a sense of solidarity from the expansion of exploitative automobile industry there. The deepening of industrialization expanded the production of cars, which invited TNCs to invest in ABC, accumulating large profits through the supply of a precarious and cheap labor force (Interview with Former Photo-journalist and coordinator of CEDOC).

The vast majority of the precarious industrial working class employed by the automobile giants enjoyed a specific identity that reflected the discrimination and marginalization in Brazilian society at large but simultaneously facilitated solidarity among them. The industrial working class was composed of rural migrants, mostly of Black descent, who left Brazil's most disadvantaged regions, primarily the Northeast, where they faced harsh conditions including poverty, drought, and state neglect (Interview with former metalworker; Interview with PT deputy and former CUT president). At the same time, the management was Europeans or has European descent. Racial discrimination at the workplace shaped work hierarchy and fomented feelings of dehumanization among the industrial working class that eventually resulted in solidarity and camaraderie among workers (Interview with Ford and Volkswagen unionist).

Moreover, the workers were young, and seeking employment to support their struggling families (Keck 1989, 260). Therefore, these workers were fresh blood with no connection to existing ideologies (populism and the traditional left) (DIEESE interview with Lula). Instead, they became motivated by their shared identity as the exploited working class and developed their political consciousness as a result of their confrontation with capital and the military regime (Braga 2015).

Social Class Mobilization and the Transition to Civilian Rule (1976-1985)

In this section, I argue that the working-class strikes and mobilization in the late 1970s and 1980s delegitimized the regime by challenging both its material and ideological hegemony, spreading a culture of protest in various regions across Brazil and across different work categories and demanding direct elections. The horizontal spread of mass mobilization drew into this circle of opposition white-collar employees, landless peasants, and the informal sector. Consequently, the strikes broadened the array of the classes opposed to military rule. I also argue that this horizontal spread was not born in a vacuum; instead, it was based on political learning that took shape over the years and became embedded in grassroots organizing and workplace militancy. Grassroots activism drew the new union leaders closer to

their base and their community and became the basis for imagining alternative citizenship premised on horizontal ties. Consequently, the working-class did not only force concessions from the owners of capital, they also imposed themselves as bargaining partners after being deliberately excluded by the military and the bourgeoisie.

The struggles born from the accumulation in the production process and accumulation by disposession delegitimized the military regime. On the question of accumulation in the production process, the economic miracle would not have been possible without the repression and exploitation of the industrial labor force. The "workers of the economic miracle" became widely recognized among the working class and among scholars who studied their militancy (Keck 1989; Seidman 1994; Riethof 2018). Metalworkers in particular bore the brunt of a campaign to keep them tamed and repressed, and that kept their salaries far below the real inflation rate. Such strategies drove working-class conditions in a relentless race to the bottom and simultaneously facilitated the private accumulation of profits by TNCs (interview with Scania militant). In the post-miracle phase, the metalworkers became aware that high levels of growth experienced during the miracle years and the high profitability rates in the auto industry were the result of the exploitation of their labor power.[113] Declining wages, working-class repression, exploitation at the workplace, the corporatist siege imposed on the formal working class, and the increasing number of work injuries created an overall climate for revolt (interview with Scania militant leader; interview with Ford and Volkswagen unionists).

The working class was also aware that in order to improve its conditions it needed to reassert itself as a bargaining partner. The only way to pursue this objective was by dismantling corporatism, which the workers considered complicit in facilitating private capital accumulation and the repression of the working class. Hence, the first step entailed conquering the corporatist structure to transform it from within after years of passivity and bureaucratization. The *authenticos*, the new union leadership distancing itself from the populists and the traditional leftists, filled union positions and promoted the idea of strong unions at the shop-floor level. The *sindicalismo de base* (shop-floor level unionism) gave priority to “rank-and-file activism […] and the defense of the immediate interests of the category” (Humphrey 2017, 129). The *sindicalismo de base* was inspired by the activism that these new strike leaders pursued in local communities and in particular the CEB’s grassroots organizing. S*indicalismo de base* also illustrated one of the very first practices of

[113] 1992 interview with Lula, for the link of the interview, see the following: https://www.youtube.com/watch?v=2LZhK72YjQ8&t=7s (Accessed May 2018)

participatory democracy: union leaders responded to working-class demands and were held accountable to them. The new union leaders held assemblies for workers to vote on specific decisions and they maintained the channels for dialogue with the base open. They also redeemed the strike weapon and reinserted themselves into wage settlement and collective bargaining processes, two critical areas that the military had sought to depoliticize and keep under its tight control. While improving the accountability mechanisms and redeeming their rights, this new leadership forced capital and the state to recognize them as bargaining partners. They thereby marginalized the state-appointed unionists, showing the limits of the corporatist structure in controlling the bargaining process. This process had also important symbolic and political implications, as it forced the elites and the military to recognize the workers, who had been politically excluded and forced into silence by the force of arms.

Since reconquering the corporatist union structure from below was the first step that allowed for the reemergence of strikes, it is essential to start with a brief discussion of this movement, which first saw the light in the ABC metalworkers' union. In 1974, union elections in the metallurgic sector in São Bernardo do Campo resulted in new leadership when Luiz Inácio Lula da Silva (hereafter Lula) was elected president. A key factor that allowed him to rise to the union leadership was the fact that, like many workers in this area, he was neither affiliated with the populist nor the traditional leftist parties (DIEESE interview with Lula; DIEESE interview with Gilson Menzes). Lula had in mind to revitalize the unions by "making them work" after years of passivity (DIEESE Interview with Lula). Another development aided this initiative. In light of the regime's *abertura* (opening) policies, in 1976, "the superior tribunal of work ruled in favor of the union to become the representative of the workers and that the federation would only represent unorganized workers" (DIEESE interview with Lula). In other words, the superior tribunal's decision elevated the metalworker union to the level of the ultimate representative of the metalworkers.

Against this background, the first step taken by the *Sindicato dos Metalurgicos do* São Bernardo (SB) (The Union of Metal Workers in São Bernardo) was to launch a "campaign for salary repositioning" (DIEESE Interview with Lula).

The context that ushered in the campaign was the publication of a study on wages and the costs of living by DIEESE (Departamento Intersindical De Estatistíca e Estudos SocioEconomicos), an independent research association initially based in São Paulo. DIEESE based their calculation of inflation on the cost of living to conclude that the regime had manipulated the calculation of the inflation index to keep wages low (Keck 1989, 262; Riethof 2018, 89). When the ABC metalworkers' union asked DIEESE about the amount of

wage loss as a result of this manipulation, DIEESE confirmed that 120 000 metalworkers in ABC lost 34.1% of their wages (Riethof 2018, 89). The Union of Metal Workers in SB, therefore, launched its campaign to redeem the lost wages (Keck 1989, 262). Even though the campaign did not yield the desired increase, it helped the union to regain the confidence of the workers by showing that, after years of passivity, the union was once again close to the rank and file and defending their rights (DIEESE Interview with Lula).

A year later, the campaign inspired the metalworkers in ABC to strike. In 1978, 1800 workers in the Saab-Scania factory crossed their arms and stopped their machines, demanding a 20% wage increase (Portugal 2015; Riethof 2018; DIEESE interview with Lula). As those who participated in the strike recalled, workers were aware of the need to "stop the machine" (Interview with Scania leader). In fact, the Scania case illustrates the learning that the working class had acquired over the years. Workers knew that they had to stop pleading with the state and needed instead to direct their actions against their employer (Interview with Ford Leader 2). Stopping the machines forced the employer to listen to them, but it also shielded them from state repression since they avoided labeling their labor action a “strike,” which could have invited immediate repression (Ibid; DIEESE interview with Gilson Menezes; Alves 1985; Humphrey 2017). The strike in Scania was also inspired by the strike leaders' knowledge of the National Security Law, which did not list the metallurgic sector as a strategic or essential sector. Consequently, the strikes were not prohibited there. Taken by surprise and fearing that state repression could exacerbate the losses incurred by the work stoppage, management pressed hard for solutions (Alves 1985, Kindle Locations 3982-3992). The union reached an agreement supported by the workers. However, the Anfavea, the official association for manufacturing vehicles, argued, that "Scania could not reach the agreement by itself. That it should be a joint agreement with the automobile industries" (DIEESE interview with Lula). Anfeva's declarations provoked a domino effect in the metallurgic category (Ibid). Within nine weeks, 245,935 metalworkers in Ford, Mercedes-Benz, and Volkswagen went on strike (Alves 1985, 196; Riethof 2018), which finally led to an agreement that raised salaries by 24.5% (Alvez 1985, Kindle Locations 3982-3992).

Support of working-class activism was facilitated by the presence of DIEESE, which diffused reliable statistics concerning wage compression and inflation and provided a meeting point for the new union leaders. DIEESE also provided educational tools for collective bargaining and training on its technical production for workers across different categories. As a result, DIEESE also became the place where discussions across working-class categories and among unionists took place (DIEESE interview with Olivio Durta). The leading figures

behind the 1978/1979 strikes became part of the "the flying inter-union organization which from 1978 on entered into contact with unions all over the country to try to unify the (working-class) demands and struggles" (Keck 1992, 77). The informal structure of the inter-union movement challenged the longtime corporatist siege, which undermined workers' ability to overcome regional and occupational fragmentation.

By the end of 1978, the metalworkers had spread a contagion of protest across different sectors of the economy and in different regions across Brazil (Keck 1989; Alves 1985, 196-197; Riethof 2018). In 1978 alone, there were 118 strikes, compared to none in the previous three years (Annex). As was the case for the metalworkers, white-collar employees and those in the services sector also witnessed the erosion of wages that fuelled their resistance (Alves 1985, 196). The geographical spread of strikes was impressive. By 1978, the strikes had already reached six states in Brazil and mobilized 539,037 workers including middle-class professionals, rural workers, industrial workers, and white-collar employees (Ibid). When labor strikes reached the strategic banking sector, with 10 000 workers declaring a strike, the government moved to contain the strike (Ibid). The military immediately prohibited strikes in that sector by issuing a decree that included the banking sector an "essential" category, and imposing a "20-year prison sentence as well as dismissals "with a just cause" for participating in strike action" (DIEESE Interview with Dutra; Alves 1985, Kindle Locations 4042-4044).

In 1979, the metalworkers inaugurated the wave of strikes once again. They demanded a 78% wage increase when FIESP (Federação das Indústrias do Estado de São Paulo) suggested a raise lower than the real cost of living.[114] The wage increase was the most prominent demand, and it reflected the worsening economic conditions for the poor and the working class in ABC. At the time, more than 20% of workers lived in the *favelas*. Unemployment levels as a result of massive dismissals left many workers without a job for more than three months. Children and women assumed jobs and were paid much less than men.[115] The race to the bottom brought workers and their families to the streets in support of the 1979 strike. However, the element of surprise provided by immediate work stoppages at the factory level, which had previously incurred losses for the employer, was no longer a viable option in 1979. The entrepreneurs had in mind forcing a lockout, to facilitate a confrontation between the workers and the police and thus abort the strikes (Alves 1985, 198).

[114] See the following documentary on the Strike "ABC da greve": https://www.youtube.com/watch?v=Hdil9CRlu4c
[115] Ibid.

While the employers developed strategies to abort the strike, the working class mustered support from the local community and the Church to maintain a strike of up to 45 days amid employers' refusal to meet their demands (Sandoval 1993, 128). During the 1979 strike, the horizontal ties between the working class, the Church-based communities, and the residents of the urban periphery were evident (Riethof 2018, 92). The Church provided logistical and material support for striking workers to help them maintain their strike, raise funds, and deliver food to workers and their families (Alves 1985; Sandoval 1993; Seidman 1994). When the police intervened in the union, churches opened their doors for workers to convene their meetings. Furthermore, as a result of the workers' activism in CEBs, workers were able to draw whole working-class neighborhoods to the strike. This cooperation between the working class and the residents of the peripheries was the consequence of their previous collaboration in the CEBs, which resulted in the idea that workers and residents of the *favelas* viewed their "wages and living conditions as socially and historically defined rather than static, viewing both as an object of social and political contestation" (Riethof 2018, 92; Seidman 1994). The Church also played an important role in encouraging cooperation between the workers and the residents of the *favelas* by "encouraging its members to participate in the labor unions arguing that the unions are the only weapons through which they could try to improve their situation" (Seidman 1994, 207). As a result, the employers' survival strategies drew the local community and the Church closer to the working class, thereby widening the circle of contention. Moreover, these networks of cooperation preempted the demobilization of the working class helping them to maintain their ground amid a fierce attack by the employer and the state.

The military brutality toward the working-class also drew media attention. There are important issues to highlight in relation to the news coverage of the strikes. Firstly, TV and radio stations were under pressure from the threat of losing their licenses if they broadcasted any oppositional material (Skidmore 1988, 187). Secondly, the Institutional Act No.5 institutionalized censorship, which had kept the Brazilian printed press under a tight control in turn led to the rise of leftist weeklies but that had nevertheless remained a rallying point for intellectuals (Ibid, 188). It was not before the military's repeal of Institutional Act No.5 in 1979 that the Brazilian press started to cover calls for direct local elections, the 1977 student protests, the 1979 campaign for political amnesty, and several accounts of torture (Dassin 1984, 394-395). Hence, journalists' solidarity with the working class emerged not from the elitist or the mainstream media but from the independent journalists who covered the struggles of the working class as well as news outlets created by the Union of Metal Workers

in SB, which kept workers informed about the major political and economic developments shaping their struggles.

Amid growing military brutality and the employers' refusal to concede to the workers' demands, Lula negotiated an agreement that awarded a 63% increase instead of 78%, with the government agreeing to make similar wage increases on a biannual basis to demobilize the working class (Keck 1989, 259-260). The union had no choice but to accept the offer and Lula knew that he could not achieve a better one, although workers were still committed to pursuing the struggle (Keck 1989, 263; Riethof 2018). The more important implication of the 1979 strike was the politicization of the working class. It demonstrated for union leaders "the impossibility of winning major gains for workers through purely industrial action. To win the gains, workers needed a political organization of their own founded and headed by and for workers" (Keck 1989; 282). While this party would not substitute the important role that unions played in mobilizing the working class, the party could bring working-class representatives to the Congress to support and defend their demands (Ibid; DIEESE Interview with Lula).

The effects of the 1979 strike were far-reaching and the alliance between the Church and labor organizing became more entrenched. The most significant development was the rise of the landless peasants, who occupied land and resisted evictions in various states (São Paulo, Santa Catarina, Paraná, Matto Grasso). In 1979, an important confrontation that pitted the regime and the peasants against each other was the strike of sugar cane workers in Pernambuco. "The latter involved around 240 000 sugarcane workers … vulnerable to threats of dismissals and repression. The difficulties in organizing such a large number of rural workers made it necessary to form a coalition of 42 different rural unions and the church's rural communities" (Alves 1985,207). The strike ended with the reinstatement of the right of the rural unions to bargain collectively, replacing the military strategy that had allowed for a top-down imposition of wage increase by the labor courts (Pereira 1997, 53).

Moreover, the geographical spread of the strike action across various economic sectors was far-reaching in this year. In 1979, 276 strikes were recorded with "three million workers participating in strike action that reached, 15 out of 23 states" (Alves 1985, Kindle Location 4060). While their demands revolved around the betterment of wages and work conditions, the increase in the number of strikes around Brazil attests to the strength of shop-floor-level organizing, which "ended up being recognized by the companies" (Riethof 2018, 91-92).

In the following year, the metalworkers rose again despite the military's attempt to tame them by issuing a bi-annual increase of the minimum wage. Metalworkers demanded a

betterment of wages and job security. The military was ready to use force and brutally repress the workers but it was taken by surprise when more than 100 000 people invaded the streets and occupied the football stadium of Vila Euclides (Ibid). Representatives across different work categories, namely those who had participated in the 1978 and 1979 strikes, were present to express solidarity with the metalworkers. The 1980 strike failed, however, to achieve its objectives ; as the businessmen declared, "there will be no negotiations," the union underwent intervention, and the union leaders were jailed. However, in 1980, as Lula stated, "we lost economically, but we gained a 100% politically […] it is in 1980 that the politicization of the category was complete," culminating in the creation of the PT (DIEESE interview with Lula). In other words, the 1980 strike saw the culmination of the subordinate classes' counter-hegemonic organizing with the creation of the first party by and for workers premised on inclusive citizenship.

Between 1981 and 1985, the working class was mobilizing to resist structural adjustment measures amid the deepening of the economic crisis. Three main demands figured prominently during these years. Firstly, the issue of work stability and the reinstatement of dismissed workers. Dismissals were both a result of punitive disciplinary measures and austerity measures that entered into effect in 1983, leading to high levels of unemployment (Annex). Dismissals resulted from the government's policy of downsizing the state and started to hit the strategic state-owned oil sector, to which workers responded by striking (Riethof 2018, 100). The military retaliated and mobilized the 1964 law, which banned strikes in the oil sector. The union also underwent intervention and militants faced jail sentences and dismissals (Ibid). The repression and the dismissals put workers on the defensive, as their fears of losing their jobs became a reality. Another demand that figured prominently was wage adjustments. Workers found themselves losing most of the gains made in the late 1970s to high levels of inflation, hovering at 211% by 1984. As Brazil entered into the negotiation process to implement austerity measures under the auspices of the IMF, the Figueiredo administration, supported by the IMF, laid the burden of the economic crisis on the working class and "imposed wage increases at 80% below the official inflation rate in early July 1983" (Ibid, 100).

Consequently, the workers were on the defensive, as they were protesting to demand quarterly instead of biannual wage increases (Keck 1989). Finally, the focus of demands was also on the recognition of factory committees (Ibid). The demand for recognizing the committees was popular among the *authenticos* who advocated for shop-floor-level organizing, which remained tied to the base and enjoyed good relations with the union (Ibid,

269). The first committee was recognized in the Ford factory when 9000 Ford workers went on strike, demanding the reinstatement of dismissed workers and the recognition of their factory committee (Interview with Ford Leaders 1 and 2; Riethof 2018, 100). By 1983, workers elected factory committees in "20 companies in Greater São Paulo, rising to 101 in 1986 and peaking at 211 in 1993" (Ibid). The increase of the number of factory committees attested to the success of the workers' strategies in revitalizing unions, drawing them closer to the rank and file. This process would in turn usher in the creation of anti-corporatist union federation that would seek to democratize the labor relations.

In 1983, the strikes had taken another turn. The two major dominant union tendencies, the combative strand that continued to call for a confrontation with capital and the military, and the reformists advocating for negotiation with both capital and the military, called for a national strike in July 1983 to resist the stabilization policies (Riethof 2018). The strike was only successful in the heartland of the combative leadership, the Greater São Paulo and the ABC. The combative leadership therefore became aware of the necessity of expanding its reach beyond their stronghold. Following the divisions that rocked the union factions following the first working-class conference, Conclat (Conferência Nacional da Classe Trabalhadora), in 1981, the *authenticos* created the CUT and called for another general strike. Their reformist counterparts divided the movement, as they did not agree to escalate the confrontation with the regime. The CUT presented “an ultimatum to President Figueiredo, including demands such as abolishing wage decrees, rejecting the IMF package, and introducing various labor reforms” (Riethof 2018, 102). However, this second national strike failed to take place, as the reformists had withdrawn their support from the CUT, dividing the movement irreparably (Ibid). As the union factions became more evident and more outspoken, the capacity of the working class to mobilize for more offensive strikes and to conquer more rights was weakened. This condition would continue in post-military Brazil, with dire consequences for the democratization of labor relations.

In the subsequent two years, the focus of the new unionists and the opposition parties drifted away from economic issues to demand direct elections. This process culminated with the Diretas Já (Direct Elections Now) campaign, demanding a constitutional amendment to directly elect the first civilian president succeeding Figueiredo (Napolitano 2018). The inciting event for this campaign was the decision by the military to orchestrate a transition to civilian rule that would transfer power to a trusted civilian leader and that would not deal a blow to the military prerogatives and interests (Ibid). Such a secure transition was intended to shield the generals from calls for public prosecution for crimes committed under military rule;

retain the military's ability to control its own affairs (internal promotions, the management of the defense sector and policies); reinvigorate the budgetary support for the military, which had suffered a setback in the last decade under military rule; and retain the military's influence over the state-owned enterprises associated with national security, the arms industry, and telecommunications (Stepan 1988, 57, 59; Hagopian 1990, 155; Napolitano 2018). The most important concern for the generals was that direct elections would risk bringing to power a radical leftist unionist like Lula who could challenge the military's interests (Hagopian 1990; Napolitano 2018).

While some members of the *Partido do Movimento Democrático Brasileiro* (PMDB), formerly the MDB, were negotiating with the generals to guarantee the implementation of the military plan, other progressive elements within the PMDB forged an alliance with the PT to launch a campaign for direct elections. Diretas Já was the culmination of working-class militancy building on the workers' experience in mass mobilization under military rule across different sectors and regions as facilitated by the 1982 election of opposition governors in Brazil's main cities.[116] Festive demonstrations led by representatives of the opposition, and artists, drew hundreds of thousands of people to fill up the streets of Brazil between April 1983 and April 1984. The campaign also gathered support from different classes such as the business community (Encarnación 2003, 136), and for the first time since the late 1960s, the middle class took to the streets for a purely political demand (Napolitano 2018).

The campaign failed to achieve its objective, as Congress voted against the amendment. However, an agreement was reached between the PMDB and the Partido Social Democrático (The Social Democratic Party [PSD]), formerly the ARENA, that the next president would be an oppositional civilian figure, Tancredo Neves, and his vice-president (VP) would be José Sarney. The agreement signaled the defeat of the military's proposed candidate Paulo Maluf, "the controversial former governor of São Paulo who had been accused of rampant corruption throughout his career"(Napolitano 2018). The opposition applauded Neves' appointment, as they considered him a seasoned politician and a vocal opposition figure under military rule. His VP, José Sarney, was a long-time PDS leader who shifted stances to join the PMDB as the military's term was coming to an end. However, Neves died before being sworn in, and Sarney became the first civilian president (Ibid).[117] According to many, the Sarney administration was a continuation of the military tutelage

[116] See the following on Diretas Ja: http://www.fgv.br/cpdoc/acervo/dicionarios/verbete-tematico/diretas-ja
[117] For a documentary about the Diretas Já campaign: https://www.youtube.com/watch?v=d8O5jTahTXo

disguised in civilian rule, as the military continued to control six ministries and the defense and maintained tight control over the process of policymaking (Hagopian 1990). The Sarney administration and the role of the military in post-1985 Brazil will be given more in-depth analysis in the next chapter.

6.3 The Articulation of Counter-Hegemony: The Rise of the PT and CUT

In the RSS (1992) model, it is not enough for subordinate classes to struggle against processes of dispossession and exploitation under authoritarian rule; they also need to mount challenges to the ideological hegemony of the dominant classes. They write, "it is the growth of a counter-hegemony of subordinate classes and especially the working classes (developed and sustained by trade unions and parties) which is critical for democracy promotion" (RSS 1992, 50). This following section attends to this argument in the Brazilian case, which culminated in the creation of the CUT and the PT as the first two anti-establishment institutions to challenge the ideological and material hegemony of the regime and its pact with the elites.

I argue that several factors facilitated the rise of subordinate-class organizing in the case of Brazil: firstly, the awareness among the new, combative working-class leadership of the necessity of building on their experiences struggling under the military regime and of creating a political platform for the articulation of working-class demands. Secondly, the military's commitment to leaving power and pursuing a controlled liberalization gave time and space for the subordinate classes to hone their political skills and to translate their demands in party and union formation. It is essential to keep in mind that the process of liberalization had taken more than a decade. While this extended period of time was designed by the military to protect the generals' interests, it also gave time for the combative union leadership to build on the gains they had achieved under the *abertura*. Thirdly, the long transition process paved the way for the combative working class to learn more about other union tendencies. As they adopted a combative approach toward the military and the business community, they were also aware of their competitors, the reformists. This awareness had reinforced the belief among the combative leadership of the need to strengthen their position and push further for their militant agenda; the articulation of counter-hegemony was not only aimed at the dominant classes but also at those elements within the trade union movement seeking to derail a real democratization of labor relations. That issue of timing allowed the combative leadership to better position itself as distinct from the dominant classes, the

military regime, and those within the union movement who continued to compromise with the military and with capital at the expense of defending the subordinate and working classes. This section contributes to the argument concerning the rise of the counter-hegemony led by the subordinate classes. It will proceed by examining the PT and CUT's discourses as they emerged under military rule.

6.3.1 The Rise of the PT

In 1979, the last general-president, Figueiredo, announced the steps to pursuing controlled liberalization. The first of these steps entailed the passage of the amnesty law that saw the light after intense campaigning and mobilization. At the heart of this campaign were demands for ending the possibility of arrest without charges, freeing political prisoners, and restoring their political and civil rights. In exchange, the military pursued guarantees that military officers who were engaged in crimes under military rule would be shielded from prosecution (Napolitano 2018; Hagopian 1990, 155).

The other central pillar of the military strategy was the party reform bill, which replaced the two-party system with a multiparty system to weaken the opposition by creating divisions within its ranks. The pro-regime party unfolded into the Partido Democrático Social (The Social Democratic Party, [PDS]). The opposition, in turn, was divided into four parties. The MDB, the legal opposition under military rule became the PMDB. The PMDB incorporated liberal democrats and elements from leftist groups such as the PCB, PCdoB, and the Movimento Revolucionário Oito de Outubro (The Revolutionary Movement 8 of October, MR-8). Former populist leader Lionel Brizola returned from exile and created the Partido Democrático Trabalhista (Democratic Labor Party [PDT]). The PCB was only legalized when the transition to civilian rule occurred, and its influence among the working class declined (Ibid).

Finally, the new unionists and their allies from leftist groups and social movements created the PT in 1980. The PT was a reflection of the social class mobilization of the late 1970s. The main founders were the *authenticos,* who revolved around the aforementioned flying inter-union movement, the new union leaders who had developed credibility and enjoyed good ties with the rank and file due to their activism (Keck 1992, 76-77). The PT was also the culmination of working-class alliances with social movements and in particular with the Church's CEBs, which gathered support for the PT especially from the poor and precarious urban population that had supported the working-class strikes (Keck 1992, 78-79;

Gómez Bruera 2013, Kindle Location 791; Filho and Morais 2018, 47). Finally, the organized leftist groups included some intellectuals, academics, artists, members of the student movement, and some of the former participants in the armed struggles against the military regime (Gómez Bruera 2013, Kindle Location 897). The PT was therefore born from the conjunction of the social and political forces that had led the struggles under military rule.

I have previously discussed how the *authenticos* became aware of the need to establish a party by and for workers to act as a conduit for working-class demands in a democratizing Brazil. This vision was honed by the politicization of labor demands and the experiences that the *authenticos* had accumulated as a result of their confrontation with the regime and with the existing oppositional factions on both the left and the right of the political spectrum.

The PT founders were aware that the existing parties were not representative of the working class (DIEESE interview with Lula). On the one hand, the PMDB was an elitist party (Keck 1989, 280). On the other hand, the PCB supported the PMDB agenda and forged alliances with them. The PCB leadership also argued, that "Brazil needed to experience a liberal democratic period, national economic development before the conditions were ripe for the working-class to come to power" (Keck 1989, 281). In other words, the PCB advocated for a vanguardist role and agenda concerning the working class, but it was not a proponent of workers making their way to political power. The PT, however, represented those who were marginalized and silenced by populist parties, traditional leftist parties, and the military and the elites. Unionists occupied critical positions within the PT. Therefore, the party could present itself as a party by workers, breaking with the elitist and populist tradition of parties for workers. The founders of the PT did not propose substituting the unions for the political party; instead, they viewed the role of the political party as one of channeling working-class demands to the realm of politics.

The PT founders were also aware of the necessity of building on the new relations that emerged from their militancy at the shop floor level to articulate an agenda that represented a wide array of the working class and marginalized social groups, who were also at the forefront of the struggles under military rule. The PT broadened the definition of the working class to include white-collar and blue-collar workers, the formal and the informal working class, and the residents of urban peripheries, as well as the landless peasants. In doing so, it politicized all these categories and tied their struggles for the betterment of their work and living conditions to the broader question of democratization (Keck 1989; Keck 1992; PT manifesto). The PT also emphasized the intersection of class, gender, sexuality, and race that essentially constituted an alternative party to a military bourgeois alliance dominated by men

of European descent. It was thus not only a traditional workers' party; it also presented itself as the ultimate defender of those who had historically been marginalized and excluded economically, socially and politically (PT Manifesto). The PT, therefore, appealed to this broad-based alliance, which they projected would serve as a base of support and would facilitate the process of alliance formation now that competitive elections had been institutionalized (Riethof 2018, 106).

From the beginning, the PT rejected the proposal of the military regime that a transition to civilian rule should happen first and democratization take place later (Gómez Bruera 2013; Kindle Location 923). The PT manifesto openly states that democracy will only happen through the "struggles led by workers" (PT Manifesto). However, the PT firmly rejected representative democracy, viewing it as a bourgeois project imposed on subordinate classes. This stance was governed by the PT founders' decision to move beyond the populist past and the existing political parties, such as the PMDB, that had coexisted with the military regime but tried to rebrand themselves as legitimate representatives of subordinate classes. Hence, the PT pushed the concept of participatory democracy, inspired by their experience of unionism at the shop floor level and of the CEBs, where democracy is underlined not only by inclusionary policies but also by the concept of active citizenship.

At the heart of the PT's democratic agenda was the rejection of the class reconciliation approach that had underlined previous regimes and appeased capital. It presented itself instead as a party pushing forward a socialist and a democratic alternative that would respond to the various needs and aspirations of the marginalized factions that it represented (Braga and Bianchi 2005). The PT platform emphasized the necessity of politicizing key policy domains that had either been considered "non-issues" or deliberately depoliticized by the military regime and relegated to the sphere of technocratic expertise. These domains included, for example, the important issue of labor reforms, urban reforms, land reforms, and access to health, education, and housing. All of these issues were political for the PT, and they required more than quick-fix technocratic solutions. While politicizing these agendas, the PT appropriated them and invited a reflection among those who would be most affected by these policies for the betterment of their conditions.

6.3.2 The Combative versus the Reformist Unionists: Conclat and the Road to CUT

The first working-class conference Conclat, in 1981, sowed the seeds of alternative forms of union organizing at the workplace. Conclat paved the way for more than 5000

delegates from all currents of the labor movement to come together and discuss the direction of working-class struggles (Keck 1992; Interview with PT depute and Former CUT president). Participants stressed that the emancipation of the working class could only result from democratization (Conclat 1981). In relation to the democratization of labor relations and union freedoms, participants agreed on the need to fight unemployment, reduce the work-week, establish an unrestricted right to strike and a national labor law, ensure occupational safety and stability, and the need for autonomous labor organizing free from any form of intervention (Conclat 1981). Questions of trade union freedoms and the democratization of labor relations became tied to the questions of democratic constitutionalism, which restored civil and political rights and guaranteed a society free from discrimination (Ibid).

Because it brought together different union tendencies, Conclat became rife with divisions. The Union Unity (*unidade sindical)*, or the reformists, included the "enlightened *pelegos*" and some old leftists (PCB, some elements of the PCdoB and the MR-8), who advocated continuing to work from within the official union structure (Giannotti 2007, 237). Enlightened *pelegos*, appointed by the military regime and collaborators with it for two decades (Giannotti 2007, 240), focused on results-based unionism, which "was (and still is) organizationally top-down, ideologically pro-capitalist, and strategically committed to the peaceful pursuit of worker gains through labor-state dialogue" (Sluyter-Beltrão 2010, 43). Their stronghold was the Union of Metal Workers in the city of São Paulo – the competitor of the ABC's Union of Metal Workers (Interview with Força Sindical). Reformists promoted dialogue with the military rather than confrontation, and a class reconciliation approach between labor and capital (Giannotti 2007, 237; Sluyter-Beltrão 2010, 42-43). This conciliatory approach was reflected in the strategies they pursued. They considered long strikes "an adventure" and an impediment to the military's liberalization policies (Giannotti 2007, 237). Their stances were clear in particular during the 1980 strike, when they refused to support the ABC metalworkers. They argued that the combativeness would embolden the regime at a time when the military was expressing a commitment to liberalizing the regime (Ibid, 239). The other incident was in 1983, in the wake of the national strike that had been initiated in July and had been most successful in the combative leadership's heartland. The reformists decided to relinquish support for another national strike or to resist the implementation of neoliberal policies (Riethof 2018, 100). During the first national elections, they were the ones to support the loyalist and elitist opposition: the PMDB. They also continued to advocate for working within the existing corporatist structure and "argued for an enlarged federation and confederation and the exclusion of the unions that were not

recognized by the CLT" (Keck 1989, 276). This union tendency would play an instrumental role in post-military Brazil in actively and positively promoting the neoliberal discourse among the Brazilian working-class.

The other unionist tendency was the combative tendency or the new unionists, which stressed militancy and confrontation with the military regime and the business community, called for replacing the corporatist federation with new unions, and expressed a clear commitment to radical social change (Sluyter-Beltrão 2010, 40; Giannotti 2007, 238). The combative leaderships' strongholds were the São Bernardo metalworkers, São Paulo's and Porto Alegre's bankers, the metalworkers' union opposition in São Paulo, and the rural union opposition in Santarém (Giannotti 2007, 238). The splits between the reformists and the combative unionists deepened over the question of who could lead post-military unionism. In 1983, CUT emerged from these divisions as an unofficial anti-corporatist central representing this combative tendency (Interview with PT depute and former CUT president). By 1984, CUT claimed to represent 937 unions in 16 out of 23 states and brought together 11 288 655 workers (CUT 1984).

Its founders supported the classist, grassroots, and democratic approach to unionism (Sluyter-Beltrão 2010, Riethof 2018). When they rose to prominence, the new leadership promoted a combative position vis-à-vis the state and capital (Keck 1989, 260). They revitalized class struggles at a time when the military sought to obliterate class mobilization through corporatism and repression. For the CUT, conflict rather than conciliation pitted capital and labor against each other. As a result of their approach, the combative unionists bore the brunt of military repression (Keck 1989, 276). As they were repressed, they also became aware of the necessity of politicizing their issues. When they revitalized working-class combativeness, they demanded a radical transformation of labor relations. This radical transformation included union autonomy from "the state, the recognition of the right to strike, and the right to bargain with employers without state interference" (Keck 1989, 261).

Their activism was inspired by their militancy in the Church-based communities (Riethof 2018; Seidman 1994). As they redeemed their right to strike and organize, they were aware of the need to maintain and deepen the contact between the union leadership and the base (Keck 1989, 260). The unionism at the shop-floor level empowered workers and fueled them with a sense of ownership over their issues so that this participatory approach became the condition to transforming corporatism (Lula in Keck 1989, 261). The bottom-up, rather than the top-down approach favored grassroots activism at the workplace and the community and was CUT's innovation.

The new unionists started by “conquering the official structure to transform it from within” (Jair Mineguelli in Barros 1999, 66). This stemmed from their belief that at the initial phase of gaining legitimacy among the working class by "creating more unions, risked making the task more difficult; it risked to jeopardize the process of reaching collective agreements" (Barros 1999, 66). At a later stage, as they gained the confidence of their base, they rejected the corporatist structure altogether and argued that the working-class representation should be proportional to the base and that it should elected by the rank and file (Keck 1989).

The concept of active citizenship promoted by the CUT was underlined by the concept of dignified citizenship and by a socialist platform (CUT 1984, 6). This question of dignified citizenship defied capital and the military strategy in dehumanizing the poor and the working class. Hence, topping CUT's list of priorities was a guarantee for the right to vote for the illiterate (CUT 1984, 13). Another priority was to reassert social citizenship, which projected the question of redeeming fundamental workers' rights as an integral part of the social rights awarded to the residents of the urban peripheries and the landless peasants. In CUT's agenda, a dignified citizenship guaranteed access to essential needs including food, healthcare, education, and public housing (CUT 1984, 13). CUT and PT thus politicized the struggles of the subordinate classes and articulated together an alternative conceptualization of citizenship, which was born from the struggles under military rule. In post-military Brazil, the CUT and PT would play an important role in pushing for constitutional guarantees concerning social and economic rights and in resisting the neoliberal agenda.

6.4 Conclusion

In this chapter, I examined the relationship between class mobilization, class organization and inter-class alliances that applied pressure for democracy. My analysis confirmed that the working class played a protagonist role in the democratic struggles in Brazil through the major processes that I identified in the introduction and throughout this chapter. In this conclusion, it is worth revisiting the mechanisms through which class mobilization, class organization, and inter-class alliances put pressure on the military regime and the elites. First of all, the occurrence of strikes that started in the urban and industrial centers spread geographically and played an important role in broadening the array of those who opposed the regime and consequently narrowed the support for the authoritarian coalition that had sustained military rule for two decades. While the working class, the urban

poor, and the peasants had not sided with the military regime, the middle class and white-collar employees were the backbone of this dictatorship. As they joined the oppositional class coalition, they narrowed the base of support for the military rule.

Moreover, the occurrence of the strikes and the breadth of the oppositional social classes became also a precondition for pursuing mass mobilization at the national scale to make political demands, such as the direct elections campaign**.** This mass mobilization built upon the workers' experiences in mobilizing for strikes and on the cross-class mobilization that had emerged, but it had also put the pressure on the military and the elites in a number of ways. Firstly, the military could not use repression when faced with millions of people from different walks of life. Secondly, the military and the elites could not enforce their preferred agenda. The military and the elites therefore had to accept a civilian opposition leader who was not directly elected but who also was not the military's preferred option. That process of mass mobilization as well as the institutionalization of class struggles in the form of the PT, the Landless Peasants' Movement (MST) and the CUT, would play an important role in the defense of democratic rights in post-military Brazil, as will be discussed in Chapter 7 and 8.

I have also argued that the struggles under military rule have reshaped the conceptualization of a democratic citizenship among those who were contesting military rule. The workplace committees and the CEBs encouraged participatory democratic practices and created a space for the rise of horizontal rather than vertical ties. These committees were the training grounds for participatory democracy and these ties became the basis for an alternative and democratic citizenship. The process of bargaining for wages, recognition at the workplace, etc. all challenged the historical exclusion of the poor and the working class and the military's and the elites' practice of bargaining with each other. Workers imposed themselves as important bargaining partners, and as they did they politicized important social and economic demands, broadening the concept of citizenship that underlies a democratic agenda (Sandoval 1998).

I also argued that the Brazilian case exhibits inter-class alliances that are essential for applying pressure for democracy and for defending the democratic process. One cannot overlook the residents of the urban peripheries, the landless peasants, and the civil servants who also rose in contention to resist their dispossession under military authoritarianism. The occurrence of inter-class alliance can be traced to cooperation during the course of strike activities, within church-based communities, and also at the national level. Moreover, these inter-class alliances were institutionalized with the creation of the PT and CUT, both of which broadened the concept of active and inclusive citizenship and the definition of social class to

include contending and excluded social groups beyond the class category (race, gender, sexuality, etc.). The PT also fielded candidates who had previously been deprived of opportunities for political participation to run for elections at the local level. Later, these actors would play the most important role not only in shielding the democratic process from the encroachment by the non-democratic actors, including the military, but they would also expand the meaning and the definition of democracy in post-military Brazil and shape the legal and institutional realms in favor of the subordinate classes (Arslanalp and Pearlman 2017). It is through their mass mobilization in post-military Brazil that civilian leaders are held accountable, that a progressive constitution was adopted in 1988 and that institutions were drawn closer to the citizens though various initiatives including participatory democracy introduced initially at the local level.

In the Introduction and the Theoretical Chapter I identified conditions that enable and facilitate the capacity of contending social classes and inter-class alliances to apply pressure for democracy. Under authoritarianism, I argued, organized religious groups could play an important role in either impeding or furthering democratization processes. The observation that I am making does not pertain to a culturalist explanation; rather it is rooted in an understanding of the religious groups as political actors in their own right, embedded in the authoritarian structures, and enjoying important ties to both the subordinate classes and capital. In Brazil, Liberation Theology assumed a social movement role and the progressive Church sided with the struggles of the poor and the dispossessed classes. It played an active role in organizing the residents of the urban peripheries and the landless peasants, both of which are difficult to organize. It also provided financial, human and logistical support for the working class when repression intensified, shielding them from the threat of demobilization. The Brazilian case of Liberation Theology confirms that when religious organizing is autonomous from the state, has decided to side with the subordinate classes rather than with the elite, and has pursued alliances with those who represent them, for example the new unionists and the PT, it can play an enabling role in democratization processes.

The second condition that underlines the process of alliance formation and the institutionalization of class and inter-class alliances pertains to the nature of the transition from authoritarianism to civilian rule. It is true that the military was committed to leaving power while imposing its own terms on the transition. However, the process of a long engineered liberalization process that had preceded the transition to civilian rule allowed the working class and their allies to understand their roles as political actors, assume this role,

strategize and politicize their demands, all of which proved to be crucial for defending democratic rights in post-military Brazil.

Chapter 7: Negotiating the Democratic Transition in Post-Military Brazil: Organized Labor, and the Landless Peasants Under Military Tutelage and Neoliberal Brazil (1985-2002)

7.1 Introduction

I argued in Chapter 6 that strikes and the spread of class struggles delegitimized military rule. I also argued that alternative forms of organizing born from these struggles freed the working class and their allies from elitist control. In this chapter, I extend these arguments to the period under scrutiny (1985-2002), which was characterized by: firstly, the continuation of previous economic policies under military tutelage (1985-1989) and secondly, a neoliberal phase under political elites allied with the business community (1990-2002). I contend that in neither one of the two periods was the balance of class power shifted in favor of the poor and the working class, a condition necessary for the successful transition to democracy in this dissertation. The first phase was marked by the adoption of the 1988 Citizen Constitution (Constituição Cidadã) that expanded the parameters of citizenship and social rights. However, the military was still committed to using violence against the working class and the peasants. During this phase, the business community also converged over the necessity of dismantling ISI and overcoming the roadblocks imposed by the 1988 constitution. Such measures were crucial for businesses seeking to deregulate the labor market and privatize key sectors of the Brazilian economy (Interview with Intersindical 1), hence the resolute steps by the proponents of the market economy to appropriate politics and pursue the implementation of market reforms. In terms of class power, the second phase was marked by the shift of the balance of class power in favor of the proponents of market reforms and their allies among the political elites. The latter implemented structural reforms to weaken working-class resistance to these neoliberal reforms.

Nevertheless, during these two phases, the formal and informal working class continued to play the most important role in defending the democratic process. Firstly, I argue that strikes and land occupations, and hence the occurrence of daily confrontation between the military on the one hand and the working class and the peasants on the other hand, made it clear to the rest of the population that the military was not constrained and that it continued to showcase its might, especially against the poor and the working class. As the workers' confrontation with the military intensified, workers imposed heavy losses on the business

community. This condition led the political and business elites to realize a need to curb the military's encroachment on the democratic process.

Secondly, I argue that the workers, the peasants, and the social movements' activists built on the accumulated experiences of organizing and mobilizing under military and post-military Brazil to push for the defense and the expansion of a democratic agenda from below. I argued in Chapter 6 that the mobilization was tied to alternative forms of organizations (parties, unions, and social movements). These organizations played an instrumental role in the process of constitution-making. Parties, unions, and social movements supported a democratic agenda; articulated proposals; represented the subordinate classes; and imposed the working class, the peasants, and the social movements on the political and business elites as bargaining partners. While doing so, they expanded the parameters of democratic citizenship and the meaning of democracy to incorporate social and economic rights, and defended democratic rights.

Thirdly, I argue that mass protests based on the accumulation of experience in organizing strikes mobilized support for the democratic rights-based agenda and kept the post-military leaders in check.

On the one hand, the working class played an instrumental role in challenging Sarney's and his successors' economic policies. On the other hand, the working class was the first to rise in contention, demanding the impeachment of Collor amid corruption scandals that rocked his mandate. However, despite these significant gains, the working class under neoliberalism (1990-2002) bore the brunt of economic restructuring that downsized the labor force and reduced union density in the combative unions' strongholds. Neoliberal restructuring placed the combative leadership and the working class on the defensive. The result was that workers were unable to stop the deepening of market reforms the way they had under military rule.

This chapter illustrates these arguments by adopting a political economy approach to post-1985 Brazil. This approach, I argue, is best suited for assessing the question of the balance of class power. It embeds the subordinate and dominant class power in the regimes' strategies and policies. As it had been previously argued in the case of Egypt, such policies affect the capacity and the opportunities for contending social classes to exert their material and ideological hegemony, determine their inclusion/exclusion in post-military Brazil and their capacity to defend or undermine the transition to democracy. The first section examines Sarney's administration, the struggles of the working class and the peasants during his term, and their mobilization in the context of constitution-making. It ends with a discussion of the

changes that shaped both the businessmen's perspective on their preferred economic model and the role of the military in politics. The second section traces neoliberal reforms to argue that the balance of class power shifted in favor of the neoliberal elites but excluded and marginalized the majority of the Brazilian population. It also examines the effects of neoliberalism on unionism and the working class to trace changing patterns in their mobilization. These discussions also pave the way for a discussion in Chapter 8 of the PT's regime and political economy when it comes to power in 2003. The last section is the conclusion.

7.2 The Sarney Administration (1985-1989)

I argued in Chapter 5 that the business community and the political elites were not pushing for a radical overhaul of the military regime. In this respect, the Sarney administration can be described as a period of civilian rule under military tutelage. In fact, it was the workers who were the first to express their dissatisfaction with changing the face of the regime. Workers continued to organize under Sarney to conquer more rights and to protest his economic policies. Their militancy was met with military repression and the military's occupation of factories. As a response, workers in turn grew more combative and more militant, and imposed significant losses on the business community. I argue that that together this confrontation, the expansion of democratic citizenship to the illiterate population, and the persistence of statism under military tutelage played a decisive role in changing the elites' perception of the military, prompting them to constrain the military's influence in post-Sarney Brazil.

7.2.1 Military Tutelage Under Sarney

When Sarney assumed power in 1985, Brazil's inflation rate was 228% and by the end of this term in 1989 it reached 1636% (Annex). The percentage of debt to GDP climbed from 37.89% in 1985 to 102.9% in 1989 (Annex). Sarney's economic plans to control inflation by freezing prices and wages failed to achieve their objectives and triggered popular mobilization and labor strikes that contested his policies and delegitimized his rule (Giannotti 2007; Baer 2014).

In addition to the failed economic policies, Sarney's administration was synonymous with military tutelage (Hagopian 1990; Stepan 1988; Hunter 1995; 2000). The military retained the six cabinet positions that it had previously controlled under military rule. It also

maintained its absolute grip over the security sector through the National Intelligence Service and the National Security Council. Furthermore, the generals enjoyed absolute control over their affairs (defense policy, internal promotions, and defense budget) (Hunter 1995; 2000; Stepan 1988).

Therefore, the military continued to shape social, economic, and political rights (Hunter 2000, 104; Martínez-Lara 1996, 84). The generals vetoed the legalization of strikes, the land reforms, and any constitutional provision that threatened to narrow their capacity to derail the democratic process. The anti-strike law was the subject of confrontation between the military and the working class, as will be discussed. The military also opposed land reforms and played an instrumental role in assisting big landowners to intimidate activist peasants by registering their names as infiltrators and radical leftists (Stepan 1988, 108-109). The military also withstood constitutional reforms that sought to limit its role in local politics. As some argued,

> "the most critical (constitutional) clause stated that the military was a permanent national institution, which was not only to take charge of the external defense but also to maintain the internal law and order of the country and to guarantee the normal functioning of the three constitutional powers" (Martínez-Lara 1996, 86).

While opposing changes to this clause, the military retained the capacity to derail the democratic process. The application of the abovementioned clause took shape with the military's continuous repression of striking workers under Sarney.

7.2.2 Workers, and Peasants under Sarney

Pelegos in New Union Centrals and the Rise of the Landless Peasants' Movement (MST)

The Sarney administration witnessed significant transformations in labor organizing. It is worth noting that the centrals created were not officially recognized by the Sarney administration but received legitimacy and support from their working- class base. Another significant development at the level of labor organizing pertained to the organization of the reformists, discussed in Chapter 6, who advocated compromise rather than combativeness with the political and business elites. This form of unionism materialized with the creation of the 1985 Confederação Geral dos Trabalhadores (General Confederation of Workers [CGT]) that emerged from the 1981 Conclat. While the CGT incorporated various union tendencies, it supported the Partido do Movimento Democrático Brasileiro (PMDB) and became associated with time with the *pelegos* who inserted themselves in the union centrals in post-military Brazil. By the late 1980s, the classist tendencies within the CGT separated from the central or

formed their own. CGT members affiliated with the Partido Comunista do Brasil (PCdoB) joined the Central Única dos Trabalhadores (CUT) in 1989, and in 1988 the Movimento Revolucionário Oito de Outubro (MR-8) separated from CGT to create the Central Geral Dos Trabalhadores (General Central of the Workers [CGT]/ [CGTB] since 2004]). The relationship between the CUT and the CGT was strained, as the two centrals disagreed about the nature of strategies to pursue (negotiation versus combativeness) and about how to address the corporatist past (union unity, union tax, and the labor courts). Such divisions played an instrumental role in impeding a full-fledged dismantling of corporatism. As the CUT rose defiantly to contest Sarney's economic policies, calling for national and general strikes, the CGT took a back seat.

In 1985, the Movimento dos Trabalhadores Rurais Sem Terra (The Landless Peasants Movement [MST]) emerged and, as was the case for CUT, it embraced combativeness. Although the CUT and MST converged over pursuing this combative strategy, there was little room for actual coordination between the two during this period of time, given that they were both preoccupied with their movement formation (Brandford 2015, 337).

It is worth noting that important changes started to take shape in post-military Brazil. I have previously argued that the progressive Church played an instrumental role in supporting the struggling of the landless peasants and in politicizing their demands. In post-military Brazil, the MST had to rely on its own resources, given the changes that shaped the Vatican's new theological orientation. Starting in 1985, the Vatican became hostile toward the Church-based communities and advocated silencing the progressive elements within the Church (Giannotti 2007, 249-250).

Since its inception, the MST was committed to combativeness and confrontation with landed capital, but was subject to fierce attack by a rightwing media, landowners, and the state describing the movement as violent, revolutionary, and anti-democratic (Carter 2010). MST leaders and landless peasants were also subject to massacres orchestrated by the Rural Democratic Union (UDR), established by landowners as a response to MST activism (Giannotti 2007, 296; Martínez-Lara 1996, 81). In 1985 alone, 296 landless peasants were the victims of a massacre orchestrated by the UDR, and, in subsequent years, the numbers continued to increase. Between 1985 and 2006, almost 1,465 landless peasants were killed (Carter 2010, 192).

The MST grew from the activism that had developed under military rule to advocate for land reform and to declare that land "occupation is the only solution" to one of the largest land concentrations in the world (MST 2019). The MST received support from the CPTs, the

PT, and CUT but it declared itself a movement independent from the state and political parties (Ibid).[118] In line with its strategies, by "May 1985 12 occupations were carried out by 2500 families, a phenomena that would spread to the rest of the country" (Ibid). Today, the MST is organized in 24 states in 5 regions across the country with a total of 350 thousand families who continued to struggle against the large land concentration by occupying more land (Ibid).

The MST defended the democratic process by politicizing the struggles of the poorest and the most vulnerable population in Brazil, building their mobilization capacity, equipping them with educational tools and resources to support their struggles, and broadening the concept of democracy to incorporate land reforms and the extension of political rights for illiterate peasants (Carter 2010, 210).

Working-Class and Peasant Mobilization under Sarney (1985-1989)

The transition to civilian rule in Brazil did not lead to a decline in working-class militancy, contrary to what some scholars have argued (Ondetti 2008). DIEESE's data on strikes clearly shows that in 1985, the working class has organized 621 strikes (Annex), a considerable increase compared to previous years. The number of strikes increased on an annual basis to reach their highest levels in Brazilian history, in 1989, the last year under Sarney. In 1989, workers organized 1962 strikes (Annex). Not only did the number of strikes increase considerably under Sarney but also striking workers were demanding improved working conditions (Annex), which suggest that the working class was committed to conquering more rights and that CUT was committed to pursuing a combative approach. This combativeness resulted in important losses for the business community with the private sector recording the highest number of hours lost (56% of hours lost in the private sector out of a total of 127,279 hours lost).

When Sarney assumed political power, workers continued to conquer more rights at the workplace. They demanded an improvement in general working conditions (DIEESE SAG 1983-2013), a decrease in the number of work hours per week, the betterment of salaries, and the creation and recognition of factory committees (Ibid; Giannotti 2007, 250). With the adoption of Plano Cruzado in 1987, the CUT responded by organizing the most significant upheaval in Brasília and deemed the Plan "a betrayal for the working-class" (Giannotti 2007, 250). The regime brutally ended the mobilization, and when the Companhia

[118] The MST official website: http://www.mst.org.br/nossa-historia/84-86 (accessed June 21 2018)

Siderúrgica Nacional's (CSN) workers demanded the betterment of wages, the military occupied the factory (Ibid). On that same year, 11,772 families pursued 67 land occupations (Ondetti 2008); the landowners, in cooperation with the regime, responded by killing influential MST leaders (Giannotti 2007, 250). The repression intensified, but neither the working class nor the landless peasants gave up their struggles. In fact, in that same year, 800 000 bank workers went on strike and called for the betterment of wages and demanded work stability (Ibid). The bank workers' strike was followed by a popular upheaval in Rio de Janeiro when citizens there protested Sarney's second plan, The Bresser Plan, and demanded the repeal of the 50% increase of bus fares. In that same year, the CUT declared a general strike to protest the Bresser Plan, which spread to Brazil's impoverished northeast (Ibid, 254).

In 1988, the year the constitution was drafted, the number of strikes slightly declined. As will be shown, workers mobilized to push for the adoption of constitutional amendments, but resistance to the Bresser Plan continued. The workers in the oil refineries, electricians, and workers in Embraer, the leading company producing civilian and military airplanes, protested the Bresser Plan and demanded the end of arbitrary dismissals. Their demands were met with military intervention. In the countryside, the landless peasants organized a more significant number of land occupations (88 occupations) involving 10,042 families (Ondetti 2008), and landowners retaliated by assassinating the president of the Rural Workers' Union, Chico Mendes, a leading socialist militant and advocate for the rights of the Native population (Giannotti 2007, 259).

In 1989, the number of strikes reached astronomical levels (1962 in total; 1358 were demanding the betterment of work conditions, and 600 were defensive strikes). Despite military repression, the workers grew more confident and imposed heavy losses on the business community. The number of hours stopped increased from 29,948 in 1985 to 127,279 in 1989, with 72,000 hours lost in the private sector alone. Furthermore, in the same year, landless peasants increased the number of land occupations (80) despite heavy-handed repression. The most important highlight for this year was the CUT's call for the most successful general strike in Brazil's history, when 15 million workers crossed their arms and protested Sarney's Summer Economic Plan (Ibid).

7.2.3 Social and Political Mobilization and The 1988 Constitution

As the struggles led by the working class and the peasants continued to delegitimize military tutelage and impose losses on businesses, their mass mobilization in the process of constitution-making contributed to the adoption of the 1988 Constitution, which expanded the

parameters of social and economic rights and hence of democratic citizenship. However, as Kingston argued, the 1988 Constitution imposed roadblocks that impeded labor market deregulation and left businesses with the perception that the state was still "upholding the nationalization of key sectors of the economy, the distinction of foreign and local capital and multiple taxations on businesses" (Kingstone 1999, 56). By the end of Sarney's term, the business community, which was neither homogenous nor unanimously committed to a neoliberal agenda, became convinced of the necessity to appropriate politics to remedy the fallout of Import Substitution Industrialization (ISI) and pursue structural reforms that would curb working-class militancy (Filho 2012, 127). This next section addresses these themes.

The 1987 constituent assembly paved the way for progressive voices to articulate their agendas by facilitating the broad-based support from popular sectors (Riethof 2018, 111). The adoption of proposals (popular initiatives) that guaranteed the protection of labor, environmental, and social rights was the culmination of the social movements' activism in this field mobilizing widely and gathering support for their proposed reforms (Ibid). In this respect, the process of constitution-making witnessed the rise of many civil-society groups, including workers, peasants, women, and environmentalists, who organized to shape the new document (Hochstetler 2000, 171). The mobilization was necessary given that representation within the constituent assembly was skewed in favor of the elites. As Sandoval explained, the "conservative and the moderate politicians mobilized strategies with the aid of the presidency to pre-empt the election to the constituent assembly of the progressive forces such as the social movements, the socialists and the social democrats" (Sandoval 1998, 189). Hence, the mass mobilization by unions and social movements allowed them to remedy this situation by gathering the required 30,000 signatures to submit a constitutional amendment (Hochstetler 2000, 171). The most significant number of signatures was gathered by unionists (more than 6 million signatures), followed by civil society groups (around 4 million), while the proponents of agrarian reforms solicited nearly 1,800,000 signatures to support land reforms (Ibid, 172).

Moreover, the CUT used mass mobilization as a weapon to uncover the "assembly members who were not supportive of their agenda" (Riethoff 2019, 111) and at other times to resist the encroachment on labor rights. For example, the working class organized and solicited support from more than "22 million participants to rewrite the legislation through which the president sought to restrict the right to strike" (Arslanalp and Pearlman 2017, 320; Sandoval 1998). In sum, the protests, based on the accumulation of militancy and experience in organizing strikes and the Diretás Já campaign, honed the skills of the working class and social movements' activists in mobilizing and in soliciting support for their democratic rights-

based agenda by gathering the "mandate of the millions of mobilized voters" (Arslanalp and Pearlman 2017, 320). Moreover, as I discussed in Chapter 6, the mobilization that emerged under military rule was tied institutionally to alternative forms of organizations (parties, unions, and social movements) that imposed themselves on the business community as bargaining partners. These organizations played an instrumental role in the process of constitution-making, articulating proposals, representing the subordinate classes, and imposing the dispossessed and the excluded as bargaining partners.

Three currents represented workers but did not all agree on a radical overhaul of corporatism. The CUT and the CGT were represented in the assembly and shared space with the corporatist past. A third sector was the National Trade Union Department for Political Affairs (DIAP), sponsored by the CUT and the CGT (Martinez-Lara 1996, 75). DIAP emerged in 1978 as a labor lobby out of the necessity to coordinate and oversee the "right to strike" (Ibid). In 1983, DIAP became formalized, with an office established in the capitol representing 350 unions (Payne 1991, 236). As the CUT and the CGT were not formally recognized, the DIAP became the main body responsible for drafting the most significant proposals concerning the "reduction of the workweek, the right to strike, improving work conditions and the work of women and minors" (Martínez-Lara 1996, 75; Payne 1991, 223).
At the same time as the formal industrial working class was organizing in these ways, peasants also organized to push for land reforms. Their representation revolved around several types of organizations, including the National Confederation of Agricultural Workers (CONTAG), created in the last years of populist rule and revived by the military in the mid-1970s. Besides this state-created structure, MST and the CPTs were also key players advocating for land reforms (Martínez-Lara 1996, 82).

The strong peasant labor and civil society organizing had to face strong business lobbies. Corporatist structures, such as the Federação das Indústrias do Estado de São Paulo (Federation of Industries of The State of São Paulo [FIESP] and the National Confederation of Industry (CNI), and non-corporatist organizations represented the businesses community and reflected their diversity (Martínez-Lara 1996, 78-80). In the industrial and commercial sectors, several non-corporatist organizations grew out of the frustrations of the corporatist organizing's subservience to the state agenda. The National Thought of the Business Bases (PNBE) was one dissident voice that emerged from FIESP and remained as such until the 1990s. PNBE was a representative of medium and small enterprises (Kingstone 1999, 52). The Union of Brazilian Businessmen (UBE) was another group that represented larger industrial groups, which along with the National Front for Free Enterprise (FNLI) also

included rural business elite. UBE and FNLI sponsored the creation of the Centrão that had lobbied against the labor reforms (Martínez-Lara 1996, 80). Landed capital was also represented in a variety of federations, such as the corporatist National Confederation of Agriculture (CNA) but also the "Rural Democratic Union (UDR) and, to a lesser degree, the Brazilian Rural Society (SRB), and the umbrella organization Frente Ampla da Agropecuaria, or Ample Front for Agriculture, created ad hoc as a lobby organization" (Ibid, 81).

The 1988 Constitution stipulated that unions were free from state authorization and free from state meddling in union affairs (Cook 2007, 69). The constitution extended the right to strike and to organize for civil servants (Ibid). Breakthroughs concerning work conditions were also adopted: "reducing the work week from 48 to 44 hours, increasing overtime pay, decreasing the number of consecutive work hours from eight to six hours, creating profit-sharing provisions, increasing maternity and paternity leaves, and instituting a minimum wage that covered the costs of basic and essential needs and entertainment" (Payne 1991, 224; Cook 2007, 69). Despite these progressive measures, the divisions between the CUT and the CGT impeded the full dismantling of corporatism. For example, the principles of union unity, the union tax, and the labor courts remained intact, leading some analysts to argue that the constitution relaxed the state's grip over some aspects but maintained the controversial measures of the corporatist past (Cook 2007, 69-70). Other important provisions included the right to vote for the illiterate and the recognition of Natives' territories (Giannoti 2007, 257). Moreover, "education spending was increased constitutionally from 13 percent to 18 percent of total federal expenditure" (Martínez-Lara 1996, 78).

However, the Constitution was a failure for peasants, despite the mass mobilization that accompanied the process of constitution-making (Ibid). The CPT, CONTAG, and the MST solicited more than 1.2 million signatures for their proposed land reforms (Ondetti 2008, 105). However, the 1988 constitution stated that the "productive properties could not be expropriated […] To make matters worse, the document was silent on important issues. It failed to specify the criteria for determining whether a property would be considered large or unproductive and did not discuss the process by which ownership of expropriated land would pass to the federal government" (Ibid, 106).

The passage of labor reforms triggered the anxiety of the elites, who were committed to submitting labor standards to the market and hence to making labor standards more flexible (Filho 2012). According to Brazil's businessmen, the constitution was an anti-market constitution that gave too many concessions to the working class. Some studies estimated that "the immediate cost to business as a result of the constitution would be a 24.1 % increase in

the payroll. The medium effect would be an additional increase of 17.6 % in total labor costs" (Kingstone 1999, 54). It came as no surprise that businesses pushed in the direction of lifting the constitutional guarantees on the length of the workday, maternity and paternity leaves, and work shifts and advocated instead their transfer from the realm of constitutional rights to the legal sphere (Ibid).

The most important provision for the business community was the one concerning "job stability provisions, which would prohibit the employer to fire employees without a just cause" (Payne 1991, 223-224). To abort these provisions, the Centrão, a business lobby consisting of right and center-right parties, organized in support of a clause that maintained the old practice, which inflicted a fine on employers who fired workers unjustly (Martínez-Lara 1996, 115; Kingstone 1999, 54; Payne 1991, 224). However, the past practice suggested that the provision did not deter the business community from dismissing workers (Ibid).

Besides labor and social reforms, the elites were growing wary about attempts to nationalize the economy, as Kingstone (1999) noted. Three central issues shaped capital's concerns during this phase. The first one concerned the constitutional nationalization provisions that distinguished between local and international capital. For example, the constitution awarded national businesses the right to preferential treatment in the sale of goods and services but "the business community was afraid that this would scare away the much needed foreign investments especially with a worsening economic situation" (Kingstone 1999, 55). For the local businesses seeking to expand their ventures with transnational capital, these measures undermined foreign investments in the country. The second issue was with how the constitution provided guarantees for the nationalization of key sectors of the economy, such as petroleum, mining, and telecommunications. For Brazil's businessmen, the prohibitions placed on international investments in these fields promised to deepen state intervention in the economy and narrow the space for private capital to expand (Ibid). Finally, the constitution capped the annual interest rate at 12%, a provision viewed with skepticism by the business community as it limited consumer credit and private lending (Ibid). In short, the businesses maintained that the 1988 Constitution was anti-market, with the state upholding the "nationalization of the mining, the distinction between foreign and local capital as well as multiple taxations on businesses and personal incomes" (Ibid, 56).

7.2.4 Disaggregating Capital and the Neoliberal Turn

Besides losing constitutional battles, the business community was alarmed by several factors that prompted them to appropriate politics in order to expand the role of the market in

the economy and support a transition to a neoliberal accumulation regime (Galvão and Novelli 2001, 5-6). It is important to note that the business community is neither homogenous nor consistently ideologically committed to neoliberalism (Kingstone 1999, 51-52; Filho and Morais 2018, 127). It is therefore essential to disaggregate the bourgeoisie in Brazil.

One can distinguish between the internal bourgeoisie and the internationalized bourgeoisie (Filho and Morais 2018, 127). The internationalized bourgeoisie is ideologically committed to neoliberal orthodoxy. In broad terms, the internationalized bourgeoisie is associated with "financial capital (the banks and the insurance companies) and with the transnational and internationally integrated manufacturing and the mainstream media" (Ibid). At the moment of constitution-making, the most avid supporter of the free-market economy was the Partido Frente Liberal (The Liberal Front Party (an offshoot of the PDS formerly the ARENA) [PFL]).[119] The PFL did not enjoy the majority in the constituent assembly (Galvão and Novelli 2001, 7) and resolved the "necessity of introducing neoliberal ideology among the political elites, which was later on propagandized in the society" (Ibid). Other parties grew supportive of the neoliberal project. The PMDB, for instance, had always been a catchall elitist party. In post-Sarney Brazil, it experienced divisions with its ranks, leading to the founding of the Partido da Social Democracia Brasileira (Brazilian Social Democratic Party [PSDB]) (Hunter 2009). Initially, the PSDB supported statist policies, but moved to support neoliberalism under Cardoso's mandate (1995-2002) (Ibid, 51).

The internal bourgeoisie, the local industrialists in particular, had supported state interventionist measures (infrastructure, subsidies, a state providing directives in the economy) and the betterment of living conditions and wages under military rule. This capital fraction was tied to local demand and local markets (Filho and Morais 2018). In this respect, it was highly invested in socio-economic and political stability (Ibid). The Partido Liberal, a conservative party created in 1985 that later merged with another party to become the center-right Partido Republicano Brasileiro (Brazilian Republic Party [PR]), was one of the representatives of the internal bourgeoisie who enjoyed strong ties with the Evangelical Church.

The internal bourgeoisie during this period criticized what they perceived as the excessive state meddling in business affairs and, as Kingston argued, supported the free market reforms from "a tactical position in their conflict with the state" (Kingstone 1999, 52). For example,

[119] [PFL]). Another division within the PDS also led to the rise of the Brazilian Progressive Party (PPB), one of the most conservative parties, led by the military's preferred presidential candidate, businessman Paulo Maluf.

the president of the largest capital group in Brazil, Votorantim Group, opened fire on the state's role in the economy, saying,

> "We are a country that says it is based on free initiative. However, our governors insist on intervening in firms. They, who in their majority, never produced anything, never risked an investment, are generally accustomed to paying their payrolls with taxes levied on those who create wealth" (De Moras, President of Votorantim, quoted in Kingstone 1999, 58).

Local businesses identified several problems with the previous economic policies. Firstly, they viewed the state's regulation of prices as a politicized process privileging businesses that had only enjoyed good ties with the state (Kingstone 1999, 57). As Kingston noted, "as resources dried up, access to financing came to depend much more heavily on political connections than previously" (Kingston 1994, 35). Secondly, they grew wary about the inefficiency of the financial policies, the growing deficit, and its impact on businesses (Kingstone 1999, 52; Filho 2012). Thirdly, the interventionist and regulatory mechanisms introduced by the 1988 constitution antagonized businesses. The latter viewed these mechanisms as an encroachment on their capacity to expand their business ventures (Ibid).

Equally importantly, the business community was aware of the growing power of the labor movement and the working class that had concretely translated its militancy into constitutional rights and guarantees. While the business community was committed to excluding the working class socially and economically, they had to rely less on repression and more on weakening labor organizing through market reforms, the restructuring of the workplace, and downsizing the labor force through dismissals and unemployment (Filho 2012). Businesses and the elites who supported their agendas were also aware that the poor and the working class were no longer excluded politically, and, hence, their votes were needed to win elections.

Brazil's bourgeoisie thus took resolute steps to unify its position in the post-Sarney period in order to support the free market reforms and to pursue an attack on the 1988 Constitution. This attack translated materially to the implementation of neoliberal reforms between 1990 and 2002 and symbolically to the post-Sarney presidents running on platforms that openly declared the necessity of "pursuing structural reforms and to reviewing the 1988 Constitution that impeded them" (Giannotti 2007, 288). Cardoso also declared in 1995 the necessity of bringing an "end to the Vargas Era," a slogan referring primarily to pursuing flexible labor standards (Ibid).

In line with their anti-statist discourse, the business community grew wary of the military's continued prerogatives, particularly the right to meddle in local affairs and derail the democratic process. As Hunter showed "whereas active-duty officers headed 6 ministries in 1985, they controlled four throughout most of the 1990s and this number dropped to zero when in June 1999 President Fernando Henrique Cardoso implemented the decision to replace the three traditional services ministries and joint chief of staffs with a unified ministry of defense led by a civilian" (Hunter 2000, 106). As a result, the military's role was reduced to the protection of their affairs (salaries, budgets, promotions) and the reinforcement of their defense roles in post-Sarney Brazil (Ibid, 108).

7.3 Brazil's Neoliberal Decade (1990-2002)

In this section, I argue that for over a decade, the neoliberal alliance defeated the PT at the ballot box and implemented market reforms. The neoliberals also neutralized the PT's opposition in Congress to neoliberal reforms. With the deepening of neoliberalism, the combative new unionists of the late 1970s and 1980s lost prominent members to economic restructuring that downsized the labor force and reduced the union density in their strongholds, including industry, banking, and the public sector. Declining wages and threats of dismissals placed the combative leadership and the working class on the defensive. The result was that the working class was unable to halt the deepening of the market reforms. This section illustrates the argument in two steps. First, I examine the neoliberal reforms between 1990 and 2002 to assess the balance of class power under the neoliberals. This period signaled the political and economic ascension to power of proponents of trade liberalization, labor market deregulation, and privatization, all of which came at the expense of the working class. The second subsection examines the effects of neoliberal reforms on working-class organizing and mobilization.

7.3.1 The Neoliberal Reforms (1990-2002)

As soon as Collor, the first democratically-elected president, was sworn in in 1990, he provided a blueprint for the implementation of neoliberal policies by committing to downsizing the state and reducing expenditures and by opening an upfront attack on what remained of the welfare state, privatizing state-owned enterprises (SOEs), deregulating the economy and paving the way for foreign capital investments, attacking labor rights, and accelerating the process of deindustrialization (Giannotti 2007, 275-276; Galvão and Novelli 2001, 4-5). Collor fulfilled his promises through the implementation of the Collor Plan, also known as the Plan New Brazil, even though his term was cut short by his impeachment in

1992 (Giannotti 2007, 276). Franco, his VP and heir, pursued the same policies; Franco was, in fact, an avid supporter of ISI. The man did not have an eye on political power and had decided to hand over the most critical issues of financial policymaking to his finance minister, Cardoso. Cardoso's name was therefore associated with the implementation of Plano Real, which reduced inflation but deepened neoliberal reforms. Cardoso became the president of the republic between 1995 and 2002. Under his first mandate, Brazil witnessed the formalization and internationalization of market reforms through the signing of an IMF agreement in 1998. Cardoso oversaw labor-market deregulation, accompanied by an aggressive attack on the public sector that opened up strategic sectors for privatization.

Neoliberalism in Brazil thus brought an end to ISI and the interventionist and redistributive state. Proponents of neoliberalism blamed Brazil's deteriorating economic conditions, astronomical levels of inflation, and a growing deficit on ISI policies (Mainwaring 1997, 103-104; Filho 2012; Faucher 2018). The primary objective for presidents who oversaw the transition to neoliberalism was to deal with hyperinflation. Several attempts were pursued under Collor and Franco. Only Cardoso's Plano Real succeeded in ending inflation by introducing a new and overvalued currency, the Real. Cardoso maintained high foreign reserves, which also entailed giving free rein to the central bank in setting high interest rates,[120] which appealed to financial capital (Baer 2014, 129; Chadarevian 2018; Breisser-Perreira 2007). The primacy of maintaining an overvalued currency and reducing the deficit was wedded to the dismantling of the "inefficient" public sector (Mainwaring 1997, 103-104). A neoliberal agenda was put forth combining a reduction of state expenditures, the liberalization of the economy, privatization, and labor-market deregulation (Saad-Filho and Morais 2018, 71; Galvão and Novelli 2001, 5).

Trade liberalization under Collor and Cardoso dismantled trade barriers, reduced tariffs (from 55% in 1987 to 10% in 1994) (Faucher 2018, 132), and removed the controls over companies' imports (Galvão and Norelli 2001, 8). In 1995, Brazil joined the Mercosur, a South American trade block, which initiated common external tariffs among participating countries (Baer 2014, 134). These policies not only increased trade's ratio to the GDP,[121] but they also forced local businesses to lower their prices in order to avoid losing their markets to imports (Filho 2012, 129).

The privatization of state-owned enterprises started in 1991 under the auspices of the National Destatization Program (Programa Nacional de Desestatização [PND]) (Filho 2012,

[120] See the Real Interest Rate, WB data: https://data.worldbank.org/indicator/FR.INR.RINR?locations=BR
[121] See the WB: https://data.worldbank.org/indicator/NE.TRD.GNFS.ZS?locations=BR

129; Faucher 2018, 132). Under the Collor administration, privatization deals targeted the steel and the petroleum/chemicals industries (Annex). The more aggressive wave of privatization took place under Cardoso, whose term was synonymous with opening up all sectors of the economy to privatization, including the strategic oil sector, infrastructure, and public utilities through the passage of Law 8987 and a constitutional amendment (No.9) (Ibid; Faucher 2018). SOEs were sold at beneath their actual values (Interview with CUT1 and CUT 2). For example, in 1997 the mining giant Vale do Rio Doce was sold at 3.4 billion dollars, while the actual value of its mineral reserves in Pará alone was estimated to be around 150 billion dollars (Giannotti 2007, 293). Following the privatization of the Vale do Rio Doce, 48 SOEs were privatized in the same manner (Ibid). According to Ricardo Antunes, the implications of the privatization process were such that "through the 1990s, about 25 percent of the gross domestic product moved from the state sector to that of international capital, reshaping and globalizing capitalism in Brazil even further" (Antunes 2013, 261).

To open up Brazil for private investors, the state under neoliberalism played an essential role in deregulating the labor market. The rationale behind this deregulation, which drove working-class conditions in a race to the bottom, was that Brazil's main comparative advantage was its supply of cheap and unregulated labor power. However, the 1988 Constitution imposed significant roadblocks that impeded labor-market deregulation. To overcome them, Cardoso mobilized the legislative powers conferred upon the president (provisional measures/decrees) to bypass congressional opposition (Cook 2007, 85). Under Article 62 of the 1988 Constitution, the president could "adopt provisional measures for 30 days without congressional approval," because the Constitution "awards the president decree powers in conditions of emergency" (Ibid, 84). Between 1990 and 1999, Brazil's presidents issued 857 provisional measures, bypassing congressional opposition on essential issues such as the Collor economic plan and Cardoso's Plano Real, both of which acted as blueprints for the implementation of neoliberalism (Mainwaring 1997, 62). Equally importantly, wages came under attack with a 1995 provisional measure (MP 1053/95) that removed the wage indexation that had been implemented since military rule (Cook 2007, 85; Mayer 2016, 104). The policy resulted in one of the worst wage depreciations in Brazil's history (Annex). Cardoso also pushed for labor-market deregulation by "introducing part-time jobs (MP 1709-4/98), modifying contract durations (MP 1726/98), and creating measures to suspend or terminate work" (Mayer 2016, 105). The labor reforms targeted, in particular, the public sector employees opening the door for early retirement schemes (Law 9468/97) (Cook 2007, 85).

To pursue the aggressive implementation of neoliberal reforms, the neoliberals and the political elites who supported them appropriated politics and defeated those who could oppose them, the Workers' Party, at the ballot box. Between 1990 and 2002, the presidents who made their way to power implemented neoliberal policies. Controlling the presidency has been key to shaping the policy arena in post-military Brazil. The Brazilian presidents controlled three key policy areas: public administration, taxation, and the budget (Limongi and Figueirdo 2000, 163-164; Mainwaring 1997, 57-62).

However, the 1988 Constitution also increased congressional oversight on the presidential agenda. In Brazil, the presidents shared space with parties that were weakly disciplined but essential for ensuring governability (Mainwaring 1997, 57). It is worth noting that weak party discipline, except for the PT, and the absence of clearly defined ideological lines is a hallmark of Brazilian parties. Hence, the first challenge for Brazilian presidents was to overcome the dilemmas of a multi-party system with weakly-disciplined parties. Furthermore, the multi-party system inherited from the last days of military rule, and proportional representation in the chamber of deputies, prohibited a single party from dominating the Congress and the presidency (Mainwaring 1997, 68).

The dilemmas of presidentialism under a multi-party system thus pushed Cardoso to pursue coalitional presidentialism. This informal institution guaranteed legislative support for the president “through the formation of large coalitions and permanent bargaining process with other political forces” (Gomez Brueira 2013, 94). Brazilian presidents behaved "like European prime ministers, fashioning multiparty cabinets and voting blocs on the floor of the legislature" (Power 2010, 231). However,

> "Brazilian presidents also needed to engage in pork-barreling strategies among their allies in Congress. Because in Brazil the executive has discretionary authority to choose which individual amendments introduced by the legislators in the annual budget will eventually be executed and disbursed by the government, the release of the budget is used as political currency in exchange for votes. Both the distribution of jobs and the use of pork barreling are important elements of what Raile, Perreira, and Power (2010) define as the executive toolbox" (Gomez Bruera 2013,95).

In the late 1980s and 1990s, the electoral process turned into a contest between an alliance of non-left parties that pushed for the adoption of market reforms and the Workers' Party (PT) and its allies, which opposed the non-left alliance. The broad alliance that supported the neoliberal project included the PFL, the PMDB, and the Partido Democrático

Social (The Social Democratic Party [PDS]). The PFL supported the neoliberal reforms and drew its support from old-time notables, big landowners, and elites from the northeast, the south, and the southeast, as well as businessmen (Hunter 2009, 50). The center-right legal opposition under military rule, the PMDB, had always been an elitist party and incorporated among its ranks former ARENA members. As previously argued, the divisions within the PMDB led to the rise of the PSDB, which supported neoliberal reforms under Cardoso's mandate and sought alliances with the non-left parties (Ibid, 51). The alliance of right and center-right parties controlled the presidency, vice-presidency, and government and secured an influential bloc of parties in Congress (Hunter 2009), assisting the presidents in the implementation of neoliberal reforms (Mainwaring 1997).

Many factors played into the rise of the proponents of neoliberalism to presidential power. The 1989 presidential elections apparently pitted Collor against the worker-turned union and party leader, Lula. In terms of the electoral program, Lula did not refrain from attacking the banking sector, promising its nationalization and called for defaulting on debt, criticizing both privatization schemes and the international financial institutions' policies in Brazil. He also promised to reinvigorate a redistributive state and to pursue land reforms (Hunter 2009, 110). Lula's discourse contrasted with Collor's open endorsement of the neoliberal project and his promise to get rid of the inefficient public sector. In this respect, Lula triggered the banking sector's and the business' anxieties. Such anxieties were translated into FIESP statements that announced "that 800 000 business people would leave the country if Lula was elected" (Ibid, 113). At the same time, Collor appeased and appealed to the business community, which also emerged as one of his chief supporters. Illicit campaign financing had played into Collor's victory. In fact, as his brother would reveal in 1992, Collor's campaign manager had used money-laundering schemes to finance the presidential campaign. These accusations were proven to be valid by the parliamentary committee in 1992. To add to the issue of campaign financing, Collor's ties to the conservative countryside allowed him to solicit the votes in these regions while Lula's alliances with leftist parties enabled him to muster support from the urban centers (Ibid, 115). Collor and his VP, Franco, both of which hailed from a small but far-right party, the Partido da Reconstrução Nacional (The National Reconstruction Party [PRN]), narrowly defeated Lula, who gathered 47% of votes compared to Collor's 53%.

A similar scenario transpired in the 1994 and 1998 presidential elections when Cardoso from the PSDB ran with the PFL leader (representing the traditional Northern elite) and defeated the PT candidate, Lula. While the previous presidential elections were depicted

as a battle between labor represented by Lula and the bourgeoisie represented by Collor, the 1994 elections were a bid between Lula representing the people and Cardoso representing the elites (Hunter 2009, 119). Hence, Lula's discourse in the 1994 elections appealed more broadly to Brazilian citizens and emphasized his commitment to upholding citizenship rights, formalizing the labor market, improving salaries, pursuing land reforms, and eradicating hunger (Ibid, 118). However, as was the case in previous elections, Lula's leftist electoral alliance of urban-based middle-class parties did not give him a "ticket to penetrate Brazil's interior" (Ibid, 119). At the same time, the business community's unfavorable views of Lula were still predominant (Ibid). Consequently, Lula could not compete with the unwavering support that Cardoso enjoyed from the business community, or with his impressive campaign financing (Ibid). Moreover, Cardoso's successful control of inflation through the Plano Real was one of the critical factors that led to his victory (Ibid, 123).

Teoria e Debate (Theory and Debate), the PT's "main forum for intellectual exchange" criticized the

> "PT's insensitivity to the burden of inflation suffered by the informal sector poor (i.e., those without the benefit of indexed wages), they called for the party to be more in touch with and responsive to public opinion. The PT had not been very responsive to public opinion: Although surveys suggested that issues like price levels and employment far outweighed concerns like debt suspension and land reform, the party paid disproportionate attention to the latter " (Ibid, 124).

Critics also attributed the failure to the rise in 1992/1993 of radical leftist voices within the PT bureaucracy (e.g. *O Trabalho, Democracia Socialista, and Força Socialista*) (Ibid, 120 and 125). On this issue, the PT's moderate factions, associated with Lula and his closest allies, tried to convince the more radical factions within the PT of the necessity of appealing to the entirety of Brazilians in a system that promoted majoritarian races and where the population did not ascribe to the radical PT agenda (Ibid). However, the broadening of the PT's electoral alliances and their appeal had to wait for the rise of the moderate factions within the PT to its top hierarchy, a phenomenon that only materialized in 2002 presidential elections.

Even though the PT was defeated, it was the most vocal opposition against the neoliberal reforms and the party that held the civilian rulers in check, leading the first anti-corruption investigation under Collor's mandate. For example, as the attack on the public sector picked up the pace with privatization schemes, the PT created an anti-privatization coalition of leftist and centrist-leftist parties: Partido Democrático Trabalhista (Democratic Labour Party [PDT]), Partido Socialista Brasileiro (Brazilian Socialist Party [PSB]), and

Partido Comunista do Brasil (Communist Party of Brazil [PCdoB]). Together, they stirred the debate over the denationalization of the economy and the assault on competitive SOEs (Hunter 2009, 63). Moreover, the PT proposed a series of measures that alleviated the burden of neoliberal reforms especially for the working class. This proposal included the betterment of wages, agrarian reforms, support for unemployment insurance, and price stabilization (Martuscelli 2010).

In line with its commitment to politicizing everyday struggles and to encouraging participation by social actors, the PT adopted the *Modo Petista de Governar* (The PT Mode of Governing) (Bittar 1992), through which the party emphasized its fundamental principle: "the right to have rights" (Ibid; Arslanalp and Pearlman 2017, 320). The PT Mode of Governing emphasized the "popular participation, the inversion of priorities of investment towards the poor, and greater transparency in government" (Shum 2017, 58). It took various forms, such as encouraging and supporting the participation of civil society actors, the new unionists, and the MST in popular mobilization. The party played an instrumental role in the fight against corruption. When Collor's brother accused him of involvement in "an influence-peddling scheme, run by his electoral campaign treasurer," the PT was the only party to call for establishing a Parliamentary Commission Inquiry Committee and for the president's impeachment (Martuscelli 2010). While the PT initiated the anti-corruption parliamentary front, the CUT, along with professional groups and university and high school students, initiated the Movement for Ethics in Politics (MEP). MEP organized mass mobilization in support of Collor's impeachment, gathering 750,000[122] protesters on September 1992 to demand the impeachment of the president; only a few days later, Congress voted in favor of his impeachment.

The PT also introduced the Participatory Budget, which opened the policymaking realm at the local level to

> "Brazil's poor majority, by focusing on policy issues that are of particular interest to them or by creating specific rules that provide a preferential bias in their favor. With a tangible incentive to participate, poor citizens can maintain pressure on governments to allocate resources to their communities. This approach of social redistribution via

[122] For the impeachment process, see: https://www.latimes.com/archives/la-xpm-1992-09-19-mn-601-story.html; https://nvdatabase.swarthmore.edu/content/brazilians-drive-out-corrupt-president-1992; http://www.brasilrecente.com/2011/08/o-movimento-pela-etica-na-politica-de.html

accountability mechanisms differentiated the PT from the practices of patronage and clientelism that were common among other parties" (Shum 2017, 58-59).

Despite these positive changes, introduced by the PT at the institutional level, that opened the space for the articulation and representation of the poor and the working class in politics after years of exclusion, Brazil under the neoliberals did not witness shifts in favor of the poor and the working class. In fact, by the end of Cardoso's term, every indicator showed signs of a stalled economy. Even though neoliberalism controlled inflation, the neoliberal model neither produced desired levels of growth nor tied growth to a job-based economy (GDP % Annual Change). Unemployment had started to rise under Collor and Franco and reached its worst levels in Brazilian history under Cardoso, rising from 3.4% in 1989 to 12.33% in 2003 (Unemployment Rate, Annex). Income inequality had slightly improved compared to the Sarney years, which is owed largely to the fact that Cardoso's Plano Real had successfully lowered hyperinflation from 2490% in 1993 to nearly 9% in 2002 (Annex). As a result, "the Real Plan had abruptly increased the purchasing power of wages, enhancing the general welfare, and reducing poverty" (Ondetti 2008, 144). However, it is important to note that income inequality remained relatively high, around 0.6 in the 1990s and 0.58 in 2002.

Economic growth was not tied to job creation. In the 1990s, 11 million jobs were created, but more than half of them were informal and unwaged (Filho and Morais 2018, 76). The years that experienced some growth were preceded by the privatization of SOEs and an attack on the public sector (Proceeds of Privatization, Annex). In this respect, economic growth under neoliberalism was tied to attracting investments irrespective of whether they were productive and developmental or not. Moreover, as will be discussed in the following section, the neoliberals would pursue an upfront attack on workers' organizational power, putting them on the defensive as neoliberalism deepened.

7.3.2 The Working Class under Neoliberalism

Even though the working class delegitimized the military regime, organized nationwide strikes, forced concessions from the elites, forced Collor out in the advent of the corruption scandals, and remained on the front lines resisting neoliberalism, it could not stop its implementation the way it had under the military. This section answers this puzzle by arguing that there were internal and external factors that shaped working-class militancy. On the one hand, the intensity of neoliberalism and structural transformations at the workplace pushed the working class away from combativeness and into defensiveness. On the other hand, the neoliberal decade witnessed the rise of a new form of coopted unionism, which

acted as the voice and the conduit for the neoliberal project. Força Sindical (Union Force [FS]) was the embodiment of this form of unionism. When CUT refused to bargain with the elites, FS disseminated a neoliberal ideology among the working class and sat at the bargaining table with the presidents and the business community. Finally, the rise of the moderates within the PT and CUT also contributed to transitioning unionism toward negotiation and bargaining rather than the previous confrontational and class-centered approach. Hence, while the first few years under Collor witnessed the persistence of combativeness, this combativeness started to decline as of the mid-1990s when neoliberal reforms deepened. It was, therefore, the MST that emerged as of the mid-1990s at the forefront of combativeness and that inspired the most disadvantaged, namely the unemployed and the homeless, to politicize their struggles through the formation of the Movimento dos Trabalhadores Sem Teto (Homeless Workers' Movement [MTST]). The following section illustrates this argument by first examining the dilemmas of organizing under neoliberalism and will then move on to reflecting on the changing patterns of working-class mobilization between 1990 and 2002.

7.3.2.1 Dilemmas of Organizing in the Neoliberal Age: The Rise of Neoliberal Unionism, and The Divisions within CUT

New Pelegos in the Age of Neoliberalism: Força Sindical (FS)

In post-Sarney Brazil, union centrals existed, but they were not yet officially recognized. The situation persisted as such in Brazil until 2008, when the Lula administration awarded them official recognition and formalized their work. Even though they were not officially recognized, these centrals, and the CUT in particular, enjoyed necessary legitimacy and support from their base and had throughout the years evolved into a critical player in Brazilian politics. Hence, when Collor was elected in 1989, he proposed a plan of Entendimento Nacional (National Agreement) through which he tried to coopt CUT and silence their opposition to his neoliberal reforms (Riethof 2018, 135). Collor's move divided the CUT, which finally abstained from participating in the National Agreement, arguing that the objective of this move was to "isolate and weaken the CUT, and developing official new unionism in support of the government" (Riethof Ibid).

Consequently, Collor played the most crucial role in the creation of FS, a move supported and blessed by the business community as represented by the FIESP. Amid heightened working-class mobilization initiated by CUT unions challenging the legitimacy of

the Collor administration and his neoliberal policies (see below), FS provided legitimacy and support for the president and his neoliberal project. On the one hand, FS sought to achieve this aim by condemning the general strikes organized by CUT and giving the impression that FS unions were supportive of Collor's administration and his economic plans (Riethof 2018, 135; Trópia and Cangussu de Souza 2018, 56). The role played by the FS leadership and especially the FS president, Luiz Antonio Medeiros, was crucial in this respect. Medeiros became the propaganda tool for Collor and his economic policies, and the FS organized one of the most massive demonstrations in São Paulo's financial district to showcase support for the president's economic plan. Along with the rightwing media, the FS led a propaganda campaign to support Collor's privatization scheme (Giannotti 2007, 278). In exchange for the vital role that Medeiros and FS played under Collor's administration, Collor appointed Medeiros' partner (the former CGT leader) Minister of Work, and Medeiros became the unofficial super-minister (Ibid).

On the other hand, FS played an instrumental role in promoting an alternative to CUT's combative and classist unionism and pushed forward the concept of results-based unionism. CUT's classist and confrontational approach, which rested on enforcing concessions through persistent working-class mobilization, proved to be particularly costly for businesses. In contrast to CUT's combative and class-centered approach, FS's results-based unionism "was (and still is) organizationally top-down, ideologically pro-capitalist, and strategically committed to the peaceful pursuit of worker gains through labor-state dialogue" (Sluyter-Beltrão 2010, 43). The FS, therefore, moved away from the class-centered approach to emphasize a collaborative relationship between capital and labor and the attainment of working-class interests through negotiation rather than confrontation and mobilization (Riethof 2018, 139).

FS continued to act as the conduit for the neoliberal project at the level of both discourse and actions under Cardoso (Antunes 2001; Trópia and Cangussu de Souza 2018). Its members did not refrain from praising Cardoso for achieving economic stability and controlling inflation (Interview with FS1 and FS2). FS also openly defended the market reforms, including labor market deregulation (Trópia and Cangussu de Souza 2018, 56). Its union leaders

> "accepted many flexible provisions in its collective agreements. FS 's more flexible contracts were seen as a forerunner of the broader kinds of changes the government and employers wanted to see implemented in labor reform. FS's actions undermined

the CUT's position and curried favor with the Cardoso administration" (Cook 2007, 85)

Moreover, the FS leadership supported the privatization in the abovementioned Usiminas and Companhia Siderúrgica Nacional – CSN (Steel Producer Companies) (Trópia and Cangussu de Souza 2018, 56).

Ideological Divisions in the PT Make their Way to CUT

Besides the competition from the FS, the CUT had to deal with its internal tensions, which became prominent under the neoliberals. Such divisions reflected the debate that was taking shape within the PT proper and that had started to become visible in the wake of Lula's defeat in the 1989 presidential election. The PT is not a homogenous party. It encompasses at least ten tendencies, of which two major ones are examined here, as they shaped the debates within the party proper concerning the party's political participation, electoral alliances, and relationships with social movements and civil society actors. The first of these camps is known as *Articulação,* the moderates of the PT who are associated with Lula and his closest allies. *Articulação* remained the dominant tendency within the party since 1995 when José Direceu, a moderate, was elected to become the PT president. The other competing camp consists of tendencies that have described themselves as radical leftists, including, for example, Convergencîa Socialista (Socialist Convergence [CS]), O Trabalho, Causa Operária (CO), etc., and that have grown skeptical over the years of *Articulação's* moderation and pragmatism (Hunter 2009).

The differences between the moderates and the radicals within the PT manifested themselves in several instances, leading in the worst case to irreparable divisions within the PT ranks. This scenario unfolded when members of the radical left (CS and CO) were expelled from the party in 1992. The origins of the conflict between the two factions were that the radical left committed to raising the slogan Fora Collor (Collor Leave Now!) before the corruption allegations were raised. They immediately questioned Collors' victory and deemed his government illegitimate given the biased media coverage and the exorbitant access to campaign financing. Hence, they launched their impeachment campaign "propelled by the CS through CUT posts within their reach and coordination" (Fernandes 2017, 127). At the time, the *Articulação* deemed this mobilization an institutional risk (Martuscelli 2010) and maintained that it was more strategic to accept Collor's victory to pre-empt the likelihood of retaliation or a military coup against a PT-led government in the future (Ibid; Sluyter-Beltrão

2010, 296). As previously discussed, it was only when Collor's brother unraveled the president's involvement in corruption that the PT opened the anti-corruption investigation. The expelled members of the CS established in 1994 the Partido Socialista dos Trabalhadores Unificado (Unified Workers' Socialist Party [PSTU]) a Trotskyist and Morenist party (influenced by Nahuel Moreno), and the CO created the Partido da Causa Operária (PCO) in 1997.

The divisions between the radical left and the *Articulação* were also prominent during the presidential elections. As some have noted, the *Articulação* maintained, for example, that "the construction of socialism should be based on democratic expansion and support for the improvement of representative institutions and that coalition building should be broad" (Shum 2017, 61). The radical leftist factions advocated instead that "alliances should be pursued only with parties of the left and social movements and they made no commitment to preserving institutions of representative democracy" (Ibid).

Even though the *Articulação* established by Lula in 1983 was the dominant tendency within the PT and has remained as such to today, the radical leftist tendency was both active and vocal and managed to control the party leadership in 1992/1993, when it won local elections in important cities (Hunter 2009, 120). Consequently, in 1993, "56% of the party delegates at the national party meeting came from left tendencies (moderates totaled only 44%) allowing for the approval of a document that put forth a number of extremely radical these including an embrace of a revolutionary struggle and the call for PT to return to its social movements base" (Ibid). Following Lula's defeat in 1994, the two camps diverged over the causes of the defeat. The radical left blamed the media partisanship and campaign financing (Ibid, 123). The *Articulação* blamed the failure on the "rigidity of the party's alliance policy and the excessive influence that the PT's decision-making structure gave to radical voices in the party bureaucracy" (Ibid, 123). Hence, the aftermath of the 1994 elections would invite changes to the party leadership toward more moderation with the election of Dirceu in 1995 as the PT president and the takeover of the National Executive Committee by the moderates (the moderates held 13 out of 21 posts) (Ibid, 127). However, it was not before the fourth round of elections, which brought Lula to power in 2002, that the PT pursued broader alliances.

The ideological divisions within the PT made their way to the union level. Within the CUT proper, meaningful discussions started to take shape as of the second CUT congress, during which the CUT articulated clearly its adoption of socialism. Three tendencies became apparent in the wake of this congress: *Articulação Sindical* [AS], CUT pela base (CUT by the

Rank and File [CBRF]), and Convergencia Socialista (Giannotti 2007, 253). These tendencies disagreed over CUT's internal organization, its relationship with the state and the business community, and consequently, the strategies that it could pursue to defend workers' rights. The heated debates were concerning whether the CUT should accept participation in a social pact with the state or not; whether unionism should focus on negotiation with capital or pursue continuous mobilization and confrontation with capital; and, finally, whether the union structure should be horizontally-based or follow a clear hierarchy (Giannotti 2007, 256).

The CS advocated continuous confrontation with capital and defended the classist CUT approach. In 1989 and 1990, the CS controlled important unions such as the bank workers in "Rio de Janeiro and Porto Alegre, and the metal workers of São José dos Campos and Minas Gerais" (Sluyter-Beltrão 2010, 370). However, the *Articulação* in alliance with the soft left (CBRF) defeated the CS, which ended up losing its commanding position among the bank workers of Rio (Ibid, 370). CS remained part of the CUT structure, although it was also associated with the party members who were expelled in 1992 and who established the PSTU. In fact, it was only under Lula's first mandate in 2003 that the CS left the CUT structure and created another union central, the CSP-Conlutas. The proponents of CBRF were strong among, for example, the São Paulo metalworkers' opposition, and remained committed to "the principle of class harmony, a socialist ideology, and to the preservation of CUT's internal democratic institutions in the face of bureaucratization" (Sluyter-Beltrão 2010, 372).

Finally, the AS rose to prominence within the CUT ranks (Sluyter-Beltrão 2010) in the mid-1990s, which coincided with their ascension to power within the PT. AS is the hegemonic current within CUT and is associated with the Articulação that had controlled the PT since 1995 (Boito 2005, 6). It incorporates the "assembly-line workers, the workers in the petroleum industry and the banking sector workers" (Ibid). They favored a collaborative approach and negotiation instead of a confrontational, classist and a socialist agenda (Interview with DIEESE Sociologist, Galvão 2014, 185; Antunes 2013; Antunes and Santana 2014; Sluyter-Beltrão 2010). AS moved the CUT toward "'citizen' or 'civic' unionism—in practice, service-oriented unionism whereby unions offered their members services that hitherto had been provided by the state" to confront the disappearance of state services under neoliberalism (Galvão 2014, 185). The CS and CBRF criticized the concept and argued that civic unionism, with its focus on citizenship, stripped the class component from unions (Ostronoff 2015, 100). Along the same lines, they argued that "citizen unionism is an adaptation to the status quo rather than a revolutionary approach" that sidetracked the principles of confrontation with capital to put in place negotiation and bargaining (Ibid).

Several factors and experiences shaped the social democrats' views under neoliberalism. Firstly, the transnational networks of cooperation with their European Social Democratic counterparts deepened their belief in the social democratic option rather than socialism per se, which was advocated by the radical and soft left (Anner 2011). Secondly, the institutional processes that the neoliberal elites put in place shaped the social democrats' view of the necessity of pursuing dialogue and participating in institutional mechanisms, rather than withdrawing completely and distancing themselves from the state. The neoliberal elites created consultative councils ("the compensation fund, the workers' support fund, and the national development bank"), and CUT's refusal to participate in them entailed that they left the space vacant for the FS, the union arm of the state, and the business community (Sluyter-Beltrão 2010, 285). For the AS, abstaining from participation in such councils was synonymous with silencing working-class representation. With time, CUT's social democrats started to view these councils "as valuable sites of policy oversight constructive integration and political influence" (Ibid).

7.3.2.2 Changing Patterns of Working-Class Mobilization under Neoliberalism (1990-2002)

Workers' Persistent Combativeness: 1990-1995

DIEESE's data on strikes indicates that in 1990 alone, workers organized 1773 strikes (1259 in the private sphere and 511 in the public, Annex) leading to 117,027 hours stopped, with the private sector alone losing 66,215 hours (Annex). The strikes were mostly demanding the amelioration of conditions at the workplace (Annex). In the following year, the number of strikes declined to 1041 (621 in the private sector and 414 in the public sector), but would remain combative as indicated by the hours lost (67,756 hours stopped) and the nature of demands (856 demanding a betterment of work conditions and 270 defensive strikes).

Workers under Collor were not just demanding a betterment of wages. They were among the first to rise against the first democratically elected president to call for his departure, expressing dissatisfaction with Collor and his plans to implement neoliberalism. As soon as Collor was elected president, the CUT already took to the streets protesting his economic plan. The most significant strike was in the steel industry of Siderúgica Aliperti, led by the CUT in SP (Giannotti 2007, 277). Only two months after Collor was sworn in, the civil servants in Brasilía raised for the first time the slogan "Fora Collor," (Collor Leave Now!), which reverberated in the CUT ranks (Ibid). As a response to Collor's privatization plan, the

Companhia Siderurgica Nacional (CSN), the second-largest steel company in Brazil, organized a strike that inspired a wave of militancy in the services and public utilities sectors (water, sewage, gas, and electricity) (Ibid, 277). Only six months into his term, Collor faced almost five thousand workers calling for his resignation.

The landless peasants were also at the forefront of the struggles against Collor. They contested their dispossession when nearly 250,000 sugarcane cutters in Pernambuco went on strike, demanding 78% salary readjustments. Within a week of paralysis, they were granted a 45% wage increase, but the land occupations and the demonstrations were never brought to a halt. In fact, from Alagoas to the Rio Grande do Sul, the landless peasants, sugar cane cutters, and the seasonal workers were rising in contention (Giannotti 2007).

While the years 1992 and 1993 witnessed a drop in the number of strikes (556 in 1992 and 664 in 1993), which is owed to the fact that the CUT channeled its energy into organizing political protests in support of Collor's impeachment, the number of strikes rose again in between 1994 and 1996 (1035 and 1128 strikes respectively), suggesting that workers were still committed to resisting neoliberal reforms. Workers during this period were also committed to combativeness, as indicated in the number of strikes demanding the amelioration of work conditions versus defensive strikes (Annex).

The Working-Class on the Defensive: 1996-2002

Significant changes took shape as of 1996, when Cardoso's neoliberal reforms deepened. In 1996, despite the high number of strikes (1228 in total), there was a considerable rise in the number of defensive strikes (802 defensive strikes), a trend that would continue until the end of Cardoso's term (Annex). This increase suggests that workers were thrown on the defensive amid an aggressive policy of labor market deregulation and worsening work and living conditions under Cardoso. Another factor that indicates that workers were on the defensive is the diminishing number of hours stopped (58,792 hours in 1996 and 16,521 in 2002, compared to 117,027 in 1990, Annex). In the private sector, the duration of strikes that played an instrumental role in imposing losses on capital was dramatically reduced (Annex). In short, between 1997 and 2002, the number of strikes started to decline to reach their lowest levels in 2002, which recorded only 248 strikes (Annex; Mayer 2016; Riethof 2018).

Several factors explain the change. First of all, the transformations within the new unionism started to make their presence felt as of the mid-1990s. Another critical factor relates to the structural impediments to combativeness, namely the transformation of the geographies of production, the effects of privatization on CUT's combative base, the

structural unemployment, and Cardoso's commitment to using outright repression against workers and peasants whenever they challenged the implementation of neoliberal reforms.

Neoliberalism transformed geographies of production (Antunes 2001) and dismantled combative unionism in large industrial areas. Industrialists weakened labor militancy by relocating or investing in new cities that had no previous experience in labor militancy. The neoliberal state supported the changes to the geographies of industrial production. For example, the state at the national and subnational level provided fiscal incentives, such as low-interest loans and investments in infrastructure, to entice investors to relocate their investments to the new industrial cities (Riethof 2018; Sandoval 2000, 180).

Moreover, while industrialization under military Brazil was synonymous with Fordism, industrialization under the neoliberal phase introduced Toyotism, with dire implications for production structures and the management of workplace relations (Antunes 2001; Sluyter-Beltrão 2010). Toyotism was synonymous with the introduction of new technologies at the workplace and consequently the reduction of labor costs (Antunes 2013). The metallurgic sector, the heart of Brazil's new unionism, was struck by such changes (Antunes 2001, 246; interview with CUT/Metallurgic Union Leader). Some scholars noted that, under Toyotism, managers introduced more democratic workplace relations, and hence gradually stripped workers of the necessity to pursue confrontation with management (Sluyter-Beltrao 2010). In addition to such transformations, the destabilization of work and the increase in temporary and contractual jobs dealt a blow to one of the most combative constituencies of new unionism: the industrial working class (Antunes 2001; Antunes 2013; interview with Intersindical 2). Reflecting on these transformations, one interviewee perfectly illustrated the dilemmas of organizing under the neoliberal age:

"We do not have the Fordist model that marked the 1970s and 1980s when you could mobilize, and it was mostly due to the significant concentration of workers in large units which facilitated the confrontation with the capital" (Interview with Intersindical 2).

Amid the deepening economic crisis and labor market deregulation, structural unemployment put workers on the defensive. The years between 1996 and 1998 witnessed one of the most aggressive waves of privatization, accompanied by the highest levels of unemployment (For example 10% in 1999, See Unemployment Rate in Annex). Furthermore, "unemployment in the six largest cities rose from 8.7% in 1989 to 18.3% in 1998" (Filho and Morais 2018, 75). Between 1991 and 2002, unemployment in Greater São Paulo rose from 7.21% to 12.12 %. The implication of these structural transformations was that workers were

more concerned with defending existing rights and work stability than with conquering more rights at the workplace, as indicated in the number of defensive strikes (Annex).

Finally, privatization dealt a blow to CUT's militant base in the industrial, banking, and public sectors. Between 1989 and 1994, fourteen steel industries were privatized, including giants such as Usiminas (See The Proceeds of Privatization, Annex). To contain labor opposition, the federal government devised a strategy of including the working class in the profit shares of the privatized industries (Riethof 2018, 152). For example, in Usiminas, 10% of the shares were offered to employees (Ibid). A confrontation between the CUT and the workers in this steel giant ensued, with CUT opposing the privatization scheme (Sandoval 2000, 192). However, workers supported the privatization and opted out of the CUT structure (Ibid). The banking sector employees did not view privatization favorably. However, the privatization schemes had hit 90% of national banks, leading to the reduction of the combative banking sector’s labor force by half (Ibid).

Another factor that explains why the working-class was put on the defensive was Cardoso’s criminalization of unions and social movements (Interview with Intersindical). The most widely recognized cases were the strikes of the *Petroleiros*, the oil workers, resisting the privatization of Petrobras, which lasted for more than 25 days and garnered support from “the Federação Nacional dos Servidores das Universidades (National Federation of the Universities’ Civil Servants, [Fasbura]) which in turn ushered in solidarity across the country with people wearing t-shirts printed with the slogan “We are all the Oil Workers” ”(Giannotti 2007, 289; See also Trópia and Cangussu de Souza 2018; Riethof 2018; Mayer 2016). The government responded by imposing hefty fines to break the Oil Workers Union’s back (RS 2.1 million for each entity), inviting the army to occupy the paralyzed oil refineries (Ibid), and imposing punitive dismissals against militants who organized and participated in the strike (Ibid).

Two other examples attest to the iron fist strategy mobilized under the Cardoso administration. The massacre in Corumbiara and the Eldorado de Carajás exemplified how the state was ready to mobilize outright repression and to cooperate with the large landowners to kill landless peasants who occupied lands and called for land reforms. The massacre in Corumbiara made news headlines when the police raided a camp for landless peasants, killed a child, and tortured and executed seven landless peasants (Ondetti 2008, 150). In 1996, another massacre took place when the police opened the fire on 19 MST activists blocking a highway in southeastern Para´, leading to their deaths (Ibid, 151; Interview with Intersindical, Giannotti 2007, 292).

Despite the heavy-handed repression, the MST pursued combativeness. Hence, between the FS' neoliberal rhetoric and the dilemmas that CUT faced under neoliberalism, the MST rose to the forefront of confrontation with the state and landed capital (Antunes 2001; 2013; Riethof 2018). Following the two massacres, the number of occupations intensified with the "occupations in 1996 growing by 1726 percent and the number of occupying families by 107.0 percent" (Ondetti 2008, 157), and with nearly 40% of these occupations happening in the northeast (Ibid). In 1999, the landless peasants organized 586 land occupations, which is more than a 100% increase compared to 1990 (50 land occupations) (Ibid). Since then, the MST diversified its tactics to pursue continuous confrontation such as protesting and occupying the buildings of federal agencies. For example, "in one day in March 1998, the MST occupied the ministry's offices in ten state capitals. Another, smaller day of struggle, involving occupations of the Ministry of Finance and other federal office buildings, occurred in March 1999" (Ibid, 161). To draw attention to drought problems in the northeast, the MST in Pernambuco started to loot food trucks to raise awareness about the social problems there (Ibid). Scholars and activists argued that the MST became the beacon of combativeness after the transition to neoliberalism, filling a space previously held by new unionists (Interview with Intersindical 4; Antunes 2013; 2001; Riethof 2018).

Moreover, the MST inspired the rise of other rural and urban movements that defended the rights of the most vulnerable. On the rural side, "these include the Workers' Movement (MT), active in Pernambuco and Alagoas; the Struggle for Land Movement (MLT), in Bahia and Para´; the Brazilian Landless Movement (MBST), in Maranhão, Para´, and the Federal District; and the Movement for the Liberation of the Landless (MLST), in Maranhão, Minas Gerais, Pernambuco, Rio Grande do Norte, and São Paulo" (Ondetti 2008, 163). In 1997, the Movement of the Homeless (MTST) "emerged from the MST and the acknowledgment that urbanization was creating a need for urban reform" (Fernandes 2017, 139). Starting in São Paulo, the movement spread out to nearly a dozen states (Ibid). The movement coordinated with popular and national housing movements, but it was not a national housing movement; instead, it saw itself as a defender of urban reforms and insisted on continuous confrontation with owners of capital, landowners, and bankers in particular (MTST 2019). The MTST focused on "political formation which is responsible for the formation of militants, the negotiation which coordinates the relationship with the state, organization that focuses on the collectivity, communication and symbolism which is responsible for the channels of dissemination of the MTST, and community work responsible

for the relationship with communities" (MTST 2019).[123] In this respect, it pursued combativeness, and as was the case for the MTST and the CUT before them it is at the frontline of a dignified and empowered citizenship.

7.4 Conclusion

In this chapter, I argued that the balance of class power between 1985 and 2002 had not shifted yet in favor of the poor and the working class. However, the working class played an instrumental role in defending the democratic process. Such a protagonist role was clear from the beginning, when workers expressed their dismay with the continuation of the military tutelage, and their commitment to using the strike weapon to delegitimize the Sarney administration and his economic policies. Their strategies to organize and mobilize inspired other subordinate groups and classes to pursue similar strategies, leading to a "contagion of combativeness" among the landless peasants and the homeless and the unemployed. In the mid 1980s, the MST emerged to play an instrumental role in organizing the most vulnerable. In turn, the MST inspired the struggles of the marginalized and dispossessed in the urban areas, the unemployed and the homeless who also pursue combative strategies in defense of urban reforms and their right to the city. Furthermore, the PT had used institutional and legal means to draw the post-1985 institutions closer to the citizens and to the poor and the working class in particular. Finally, the occurrence of mass mobilizations that built on working-class strikes also played an instrumental role in holding civilian leaders accountable to the rest of the population. Contesting economic policies, soliciting popular support for the democratic constitutional provisions, and holding corrupt leaders accountable to the rest of the population all attested to the fact that such mass mobilization was vital for defending the democratic process.

I also argued in this chapter that the structural transformations under neoliberalism undermined working-class combativeness and organizing. However, while the working class came under attack and was unable to stop the neoliberal tide, the neoliberal alliance was finally defeated at the ballot box amid worsening social and economic conditions. For more than 13 years, the PT ruled Brazil and implemented a neo-developmental model, the effects of which on class power will be examined in the following chapter.

[123] See the MTST website: https://mtst.org/quem-somos/a-organizacao-do-mtst/ (accessed June 21, 2019)

Chapter 8: Participation, Inclusion and Neo-Developmentalism: The Political Economy of the PT (2003-2016)

8.1 Introduction

In Chapter 7, I argued that a liberal democratic regime wedded to neoliberalism emerged under Cardoso. In this chapter, I argue that under the PT,the meaning of democracy deepens with the expansion of socio-economic rights and the political inclusion and participation of those who were marginalized from it but that the balance of class power does not tip in favor of the poor and the working-class. In Brazil, democracy deepened and was wedded to a neo-developmental model. Under the PT's democratic regime, civil and political rights were not only guaranteed by law, but the PT was also committed to refraining from criminalizing social actors and to expanding the parameters of social and economic rights. To ensure governability, Lula erected mechanisms that paved the way for solving social conflict through negotiation and bargaining with the state and with capital. The hope was that the political inclusion of unionists and social movement activists would circumvent the institutional roadblocks that undermined the capacity of the ruling party to secure a majority in Congress and pursue its preferred policies. At the symbolic level, this political inclusion would also change the face of the bureaucratic apparatus, which had remained controlled by the elites in pre-PT Brazil. This political inclusion was combined with a participatory architecture that emerged under Lula's mandate, aimed at involving civil society actors in policymaking and ensuring governability. As is the case for all governing parties, the PT could not tolerate constant social class mobilization, which would have undermined its legitimacy and capacity to govern (Gómez Bruera 2013). Hence, the PT sought through inclusionary and participatory mechanisms to solve social problems by encouraging negotiation, diverging the mobilization from constant combativeness (Gómez Burera 2013). That aspect of political inclusion and participation was sustained through "dialogue" with the president. Lula, unlike Dilma, drew from the labor movement, held important ties to social movements, and mastered negotiation and bargaining skills that simultaneously opened the Presidential palace for social movements and contributed to maintaining social conflict at the lowest level possible.

However, as democracy deepened, the balance of class power did not shift in favor of the subordinate classes. The aforementioned democratic regime was wedded to a neo-developmental economic model, which necessitated that the PT ally with the internal

bourgeoisie, whose investment in the economy was a key determining factor for the success of the economic model. Moreover, given that the economic model served capitalist interests, the PT's capacity to implement structural change was constrained by the elite hegemony over economic and political life. Consequently, the PT could not trigger elite anxiety, both because it did not enjoy a majority in the Congress to pass legislation and because it needed to ensure capital's compliance with the pursuit of governability under neo-developmentalism. A protracted cycle of growth under a neo-developmental model supported the PT's redistributive policies aimed at the lower-income classes and the banking sector, the latter being the largest creditor for the PT. However, economic growth depended on global demand for Brazilian primary goods and local demand for Brazilian commodities. As soon as the domestic market reached its limits, and global demand declined, the PT found itself in the middle of a paradox. Amid declining growth, the state had to attend to its redistributive functions aimed at the poor and the working class, and at the same time appease the financial sector, which benefited from the transfer of state revenues in the form of interest payments. As Rousseff, committed to diminishing the high interest rates, triggered the anxiety of the bankers, she was pushed in her second term to pursue neoliberal policies. This paradox, which resulted in contradictory policies, brought about her impeachment. As Rousseff was impeached, she was not supported by mass mobilization that defended her or the democratic process. The anti-impeachment mobilization was limited under her administration; in the first few months after her impeachment, the demonstrations demanding the removal of her successor, Michel Temer, and calling for direct elections were incomparable to the scale of the 1985 *Diretas Já* campaign or the 1992 anti-Collor demonstrations.

This chapter explains this puzzle by investigating the role that the social and labor movements assumed under the PT. It sets out to argue that the majority of the labor centrals and significant social movements forfeited combativeness and joined the neo-developmental alliance, albeit to distinct degrees of moderation and involvement. This bargain reflects the transformative effects of state and society relations under Lula, but it also illustrates Valenzuela's argument (1989) that labor movements' voluntarily express restraint when democracy deepens. I argue that this moderation could have been pursued under Lula when capital was still tamed. As the political and economic elites pursued aggressive strategies against the democratic process under Rousseff, there was a need for labor and social movements to regain combativeness. That necessary shift did not take place under Rousseff, because the moderation option had had dire implications for the social and labor movements' capacity to mobilize their base. The largest labor centrals, including the CUT, moved in the

universe of policymakers and sat at the negotiation table with the business community. They achieved material gains for the working class, but they also spent less time mobilizing workers. Furthermore, the social movements were negotiating with the state to expand their resources and respond to the needs of their bases. This condition weakened the cross-movement and inter-class alliance formation necessary to defend democracy.

Moreover, as workers were organizing strikes to protest the deteriorating economic conditions under Rousseff, CUT's leadership was either organizing protests with the internal bourgeoisie or defending the PT, which was facing another corruption scandal. Hence, there was a noticeable disconnect between workplace strikes under Dilma and CUT's calls for mobilization. Furthermore, the fact that CUT under PT rule relinquished combativeness deepened the divisions that I describe in Chapter 7 within CUT proper. The radical left was alarmed by the PT's reconciliation with capital. There was no agreement among the new unionists, who had challenged the military and post-military regimes, on the necessity of defending the PT as the party pursued neoliberal policies, albeit briefly, under Rousseff.

The empowerment of CUT's social democrats under Lula did not counterbalance the power of the FS. The FS, which was officially recognized and emerged as the second-largest union central, supported the impeachment process. The result was that such divisions and the weakness of alliance formation between workers, the peasants, and the residents of the urban peripheries and the social movements that represented them, impeded their capacity to pursue mass mobilization against the impeachment and hence to consolidate democracy the way they had in previous decades.

The chapter illustrates these arguments by investigating the political economy of the PT rule. The first section assesses the neo-developmental model and the participatory and inclusionary mechanisms erected under Lula, particularly their effects on socio-economic and political equality as well as on the patterns of civic engagement. The section also examines state and labor relations under his administration, from the perspective of the labor centrals and the social movements, and the changing patterns of social class mobilization. The second section examines the political economy of Dilma Rousseff's administration and examines union centrals' and social movements' stances vis-à-vis the impeachment process. The final section is the conclusion.

8.2 Neo-Developmentalism under a Participatory and Inclusive Regime (2003-2011)

8.2.1 The Political Economy of Lula (2003-2011)

The rise to power of Lula, the former unionist and the founder of both the CUT and the PT, was synonymous with the implementation of a neo-developmental model. Neo-developmentalism is a hybrid model that borrows principles from neoliberalism and developmentalism about the role of the market and the state in the economy (Döring, Santos and Pocher 2017; Perreira 2007). As is the case for developmentalism, neo-developmentalism advocates for an interventionist and regulatory state that oversees and provides directives for private capital (Perreira 2007, 249-250; Chardovarian 2018). Unlike developmentalism, the neo-developmental model trusts the capacity of the market to "invest and to coordinate the economic system" (Perreira 2007, 250). In this respect, it allows a more significant expansion of the market, but the market ought to be regulated and overseen by a strong and interventionist state that provides assistance for market expansion and plays an essential role in income redistribution (Ibid, 251). Neo-developmentalism, therefore, departs from the neoliberal stream, which advocates for a minimal state. The state from a market fundamentalist view ought to provide guarantees for private property and the rule of law and to allow for a free-functioning market (Harvey 2005, 64). In other words, from the neoliberal viewpoint, the market could regulate its distortions while the state is the most significant impediment to development and growth (Pereira 2007, 251). This section assesses the balance of class power by investigating the implementation of neo-developmental policies under Lula's administration and by reflecting on the material and symbolic gains for both labor and capital.

When the polls showed that Lula could win the 2002 presidential elections, the anxiety of local and international financial capital was immediately triggered (Filho and Morais 2018; Power 2012; EIU Reports January 2003). However, Lula proved that the fears of instilling a radical socialist order were wrong. In his *Carta ao Povo Brasileiro* (The Letter to the Brazilian People), Lula addressed Brazilian citizens, promising to pursue the macroeconomic policies of his predecessor, which had successfully controlled inflation, and to end Brazil's socio-economic problems (Filho and Morais 2018; Power 2012; Antunes 2013). The *Carta ao Povo Brasileiro* laid the foundations for Lula's conciliatory approach to capital (Antunes 2013; Interview with USP Sociologist, Conlutas, Intersindical 1,2,3,4, Interview with former PT member and former Metallurgic Leader). Lula maintained that his term would respect democratic rules and maintain business as usual "because there is little room for maneuver" outside of the neoliberal model (Dagnino and Chavez Teixeira 2014, 44).

When he assumed political power, Lula maintained Cardoso's macroeconomic

policies. He kept inflation at a stable and low level by maintaining high interest rates (Annex, Interviews with Intersindical, Conlutas, CUT, Brigadas Populares, MST; Filho and Morais 2018). [124] Targeting inflation was a necessary first step toward achieving greater macroeconomic goals, including providing an investor-friendly environment, promoting economic growth, and triggering economic redistribution that would, in turn, lead to economic development. As soon as Lula assumed power, international financial institutions were already warning of capital flight and declining foreign investment rates.[125] To fulfill his commitments, Lula appointed Henrique Mirelles, a proponent of neoliberalism and a Bank of Boston executive, as the president of the Central Bank. Lula's move appeased the important and influential banking sector, which would also become the largest creditor for Brazil under Lula (Gomez Brueira 2013).

Brazil under Cardoso had submitted to international creditors; Lula, however, paid off the IMF loans and bought 10 billion dollars' worth of debt.[1] By ending Brazil's dependency on the IMF, the Brazilian government reduced the share of debt as a percent of the GDP from 78% in 2002 to a little bit more than 61% under the Lula administration (Annex). The Lula administration, therefore, turned to finance its neo-developmental model by borrowing from commercial banks (Baer 2014, 198). By 2009, the commercial banks were Brazil's largest creditor (45.1% of the debt) (Ibid). The service of the public debt hovered between 7% and 5% of the GDP. Critics argued that while Lula guaranteed the redistribution of income to the poor and working class, such redistribution was a small portion (0.5%) of the GDP compared to debt service (Baer 2014; Interview with MST; Interview with Intersindical 1; Interview with Conlutas, Brigadas Populares). The state had, therefore, to attend to its developmental goals and redistributive functions toward both developmental capital and the majority of the population and at the same time appease the financial sector, which benefited from high interest rates and the transfer of state revenues in the form of interest payments.

Moving on from the policies of financial stabilization, the neo-developmental model rested on the expansion of a select number of national industries based on export competitiveness (Döring, Santos and Pocher 2017, 4). The local industrialists who had previously sided with and supported Collor and Cardoso and had threatened to bring about capital flight in the advent of Lula's victory in the 1989, 1994, and 1998 elections were now critical of neoliberal policies. The industrial entrepreneurs were skeptical of the trade liberalization that challenged local industries with high interest rates that diverted investments

[124] For the Interest rate see the Central Bank of Brazil (Accessed April 30, 2018): https://www.bcb.gov.br/Pec/Copom/Ingl/taxaSelic-i.asp.

from the developmental sector and into financial speculation and economic stagnation. resulting in low levels of growth and high levels of unemployment under Cardoso (Boito, Galvão and Marcelino 2015). Lula's administration supported this fraction of the internal bourgeoisie. In particular, the "Odebrecht (Construction), Inbev (Beverages), Gerdau (Steel), Itaù / Bradesco (Banking), Embraer (Aviation), Vale (Mining), JBS Friboi (Processed foods)" benefited from the neo-developmental model (Filho and Morais 2013, 96). These policies led to one of the highest trade balances in democratic Brazil for the period preceding the 2008 financial crisis (Baer 2014). Trade surpluses maintained high levels of growth and triggered a diversification of trade (Baer 2014; Riethof 2018).

The neo-developmental model aimed to overcome dependency on the influx of foreign capital and foreign investments by expanding demand from local and international markets. At the international level, the PT curbed Brazil's dependency on demand from industrialized western countries and deepened access to the Chinese market (Riethof 2018, 180). China, therefore, emerged as the leading trading partner for Brazil.[126] However, the terms of trade with China expanded the export of primary goods. These terms were governed by global changes in the preceding three decades, during which China emerged as one of the most important exporters of cheap commodities (Hanieh 2018, 29). Concerning Brazilian-Chinese relations, the Chinese demand for iron ore, petroleum, and other exports triggered economic growth and maintained a strong and stable currency. In turn, a stable currency boosted investors' confidence in the economy and allowed capitalist investments.

At the local level, the consumer durable and nondurable industries were tied to increased demand not only from the upper and middle classes but from the formal and informal working class. To increase demand for consumer durables and non-durables among the latter, the state pursued redistributive policies, improved salaries, and formalized the labor market. While, in the past, credit had been expanded to the middle and upper classes, Lula ordered issuing credit to those who had been previously excluded from it (Filho and Morais 2018, 101; interview with CUT 1 and CUT2). In 2010, Lula provided incentives for banks to issue credit and promote the automotive industry, which sold 3.5 million units as a result (Baer 2014, 178). What is equally important is that this policy of revitalizing the local market overcame the historical and regional disparities that had favored economic development in the center and the south of Brazil (Azzoni and Haddad 2018; Döring, Santos and Pocher 2017) ; the north and northeast had historically been excluded from economic development (interview

[126] See OEC (Accessed March 31st, 2017): http://atlas.media.mit.edu/en/profile/country/bra/#Imports

with CUT 1). The increased demand from the working class and the lower-income wage earners for consumer durables and non-durables led to a constant cycle of growth (see Minimum Wage and Growth in Annex). For example, as the minimum wage nearly doubled between 2002 and 2010, the GDP annual percent change was maintained at a steady level, one of its highest since the transition from military rule.

In order to serve the neo-developmental model, a new political pact between the formal working class, the lower-income middle class, and the informal working class as well the aforementioned local industrialists and local businesses sustained the regime. While the formal and informal working class and the lower-income middle class benefited from the formalization of the job market, the improvements in the minimum wage, and a wide range of social services, businesses benefited from the state's policy of maintaining an overvalued currency and hence from a greater valorization of exports on the global market. They also benefited from state activism in promoting Brazilian commodities abroad as well as the guarantees for the rule of law, political stability and social cohesion, and the expansion of infrastructure and credit (Filho 2013). The class alliance thus incorporated these poles, all of which had vested interest in supporting a developmental, interventionist, and redistributive state.

The class alliance that materialized on election day had been aided by the rise of the moderates to the party leadership, the *Articulação,* who advocated for a broad electoral alliance not restricted to leftist parties, as discussed in Chapter 7. In 2002, Lula was elected president based on a different alliance of parties from the left and the right of the political spectrum. The PT ran the elections with the "Partido Liberal (Liberal Party, Center-right, [PL]), the Partido Comunista do Brasil (Communist Party of Brazil, Left, [PCdoB]), Partido da Mobilização Nacional (National Mobilization Party, Center-left, [PMN]) and Partido Comunista Brasileiro (The Brazilian Communist Party, Left, [PCB])" (Dagnino and Chaves Teixeira 2014, 44). More broadly, these electoral alliances reflected the class reconciliation approach necessary for the implementation of neo-developmental policies. While the PT had previously chosen its running mates from center-left political parties, in 2002 Lula ran as the president and chose his VP from the PL (Power 2014). The PL was a conservative party, which would later merge with another party into the Partido Republicano Brasileiro (Brazilian Republican Party, Center-Right, [PR]). Both the PL and PR enjoyed strong ties with Brazil's industrialists and the evangelical church. José Alençar, the leading business tycoon in the textile industry and a PL member, became Lula's vice-president between 2002 and 2010 (Ibid, 12). In practical terms, these strategies and the alliances that the PT pursued with the PL and

PR cemented the social and political pact and thereby the successful implementation of neo-developmental policies.

In line with the regime's policies, former unionists made their way into Lula's cabinet, the Senate, and the Congress, and became managers of the most important pension funds (Galvão 2016, 273; Filho and Boito 2016, 215). In the cabinet, former unionists from the metalwork, oil, and banking sectors became the ministers of labor, social security, finance, and cities (Filho and Boito 2016, 215; Boito 2005, 6, Braga 2016, 63). These former unionists also chaired/administrated the pension funds of the largest and the most important SOEs in Brazil, including "Bank of Brazil (Previ), Petrobras (Petros) and Caixa Economica Federal (Funcef)" (Galvão 2016, 273; Filho and Boito 2016, 215; Braga 2016, 64). Some critics warned that this process transformed unionists and social movement activists into a "new class of high-powered investment managers" (Sluyter-Beltrão 2010, 22; Braga 2016, 64; interview with Sociologist, USP) who were then absorbed by the state apparatus with dire implications for their capacity to mobilize and organize workers (Braga 2016, 65; interview with Sociologist, USP); others argued that the rise of militants to the state bureaucracy diminished the gap between the subordinate classes and the state (Filho and Boito 2016, 215). In the latter view, the rise of union leaders to the higher levels of the state bureaucracy challenged historically elitist control over the bureaucratic apparatus (Filho and Boito 2016, 215).

Although these transformations changed the face of the state, the PT did not control the majority of seats in the Congress and continuously faced the dilemma of guaranteeing approval for its legislative agenda. Initially, Lula had not utilized the executive toolbox of "coalitional presidentialism" created under Cardoso; instead, he awarded 16 out of 29 cabinet positions to the PT by appointment instead of negotiating these positions with other party members (Gómez Bruera 2013, 95). The PT believed that alliances in Congress should be driven by a common agenda rather than by an exchange of favors (Ibid, 96). However, this policy line left the PT unable to secure Congressional support for its agenda (Ibid). The political fragmention therefore explains why the corruption scandal took place in 2005. The *mensalão* (big monthly payments) that were the object of the scandal were monthly salaries (30 000 R$ or 12 000 USD) paid by PT leaders, not Lula himself, from the pension funds of SOEs and public banks, to oppositional congress members; in this case, the members of the PMDB and PSDB were on the largest receiving end (Burera 2013, 95; Sluyter-Beltrão 2010, 23). In post-2005, the PT became more convinced of the necessity of pursuing Cardoso's strategy of coalitional presidentialism, which invited odd and broad alliances with big parties

in the Congress to secure support for the PT agenda (Burera 2013, 99). As part of this strategy, Lula allied with the PMDB, which filled up some cabinet posts.

Unlike the minimal state of neoliberalism, the state in neo-developmentalism is interventionist and redistributive (Interview with CUT 1 and CUT 2) and arguably inclusive. While Lula did not reverse the privatization deals that had been made under his neoliberal predecessor, the state maintained control over strategic sectors such as oil, electricity, and banks, and stopped the privatization of public utilities (Ban 2013, 16). That the state still controlled significant assets is illustrated by the fact that "in 2011 up to 20 percent of Brazil's listed companies have the government among their top five shareholders, a trend that the economic crisis seems to have made even more pronounced" (Ibid, 17). The policy of state control over these strategic sectors challenged orthodox neoliberalism, which advocated the privatization of all sectors. Under the Lula mandate, the state continued to maintain its grip on the aforementioned strategic sectors to further its developmental goals.

The state also played an essential role in directing investments, subsidizing the sectors that it sought to promote, resuming its role in infrastructure, and, in the wake of the 2008 crisis, introducing counter-cyclical policies to revitalize the economy (Chadaverian 2018, 34). The BNDES, the Banco Nacional de Desenvolvimento Econômico e Social (National Economic and Social Development Bank), was a central actor assisting the state, under neo-developmentalism, to provide incentives for capital ventures. The largest recipients of BNDES funds were the oil, mining, aviation, and construction giants.[127] The BNDES "offered financial backing for internationalization projects but also loans to prop up domestic operations and developments for important SOEs such as Vale and Petrobras" (Döring, Santos and Pocher 2017, 343). BNDES also played an instrumental role in funding industrial projects in the previously disadvantaged north and northeast, overcoming unbalanced economic development and regional disparities (DIEESE 2013; Ibid). The *Programa de Aceleracão do Crescimento* (The Growth Acceleration Program [PAC]) overcame the policy of state retreat pursued under Cardoso and expanded state investment in infrastructure to incentivize private investments in areas such as construction, transport, sanitation, and

[127] The BNDES listed its beneficiaries over the past 15 years on its website: https://www.bndes.gov.br/wps/portal/site/home/transparencia/consulta-operacoes-bndes/maiores-clientes/!ut/p/z1/tZPNcpswFIWfJQuWsi5B2NAdThw7ASdpM_6BTUZgYdQaiUiyafr0FU4WTp2608lEG0Z3rs75DrrCGV7iTNAdX1PDpaAbu0-z_mMSxqMJuYNk_A1ciPz4Kppfxl4AgBf7BvjLigBnh-fBu7-CaJK4MzIdwnlM8BxnOCuEaUyF01ysmH7kQhtutsWewIFK1swBo6jQDVVMFJw6UEihtxtDUckF7Uo1E0ZqB2rKpWIaFRtuK0x38k3BVzglZMUgGOSoLMM-Iv6AoNxnOfLzkJE-XdGw6L_GOZE3O5120fkdKtxdeyOb-CLxySh2x6H32nBCI7UMgwOG-1v7z_yvQxiPiEtcC7njrMUzIVVtr-jhPyNOjh3mw0uIkuuHZDwDL3DdDzr8I4D_ufKDD8rfvL3A4xGwb4J_f3rKIju40s7YT4OXnzG51udcTS-ma4tPTYW4KCVeHrVZ3vVG5i-PNRK5F9gDipVMMdXbKluujGn0FwccaNu2t0ftreWulytbaax1I5XpgDU37F3s96QrqW3wPxVxU8_qwHtGP8rpyCPpze7X8BZ1n4QtUJY_t9HZ2W8WgTY3/dz/d5/L2dBISEvZ0FBIS9nQSEh/

energy.[128]

8.2.2 Democracy under Lula: Participation; Socio-economic and Political inclusion

Along with this neo-developmental model, Lula paved the way for the representation of the labor and social movements in the bureaucratic apparatus. Lula also moved toward deepening participatory mechanisms, both of which had an impact on the betterment of the social and economic conditions of the poor, the working class, peasants, women, the LGBTT community, and the Afro-Brazilian community. I agree with Gómez Bruera (2013) and Dagnino and Teixeira (2014) that the dynamics of inclusion and participation are best understood through the lens of ensuring governability in the fragmented political context of Brazil. In this understanding, the dynamics of inclusion and participation would create social and popular compliance to the PT agenda. However, the argument presented here does not see these mechanisms of representation and participation as part of a regime strategy to control civil society. I argue instead in this section and the following that a large and representative sector of social movements and labor centrals voluntarily took part in Lula's administration. This participation, however, was a double-edged sword. On the one hand, it drew the bureaucratic apparatus closer to the citizenry at large, involved them in policy deliberation, and led to the implementation of policies that expanded socio-economic, racial, gender, and sexual rights. On the other hand, the acceptance of taking part in these participatory mechanisms over the years diminished their radical rhetoric such that they emerged less vocal about their criticism of the Lula administration whenever it did not meet their agenda.

The formal inclusion of labor and social movement activists in the bureaucratic apparatus and the expansion of social and political rights was mediated by Lula's capacity to create room for dialogue. Several interviewees in the labor, housing, and landless peasants' movements confirmed that Lula had put in place space for dialogue. Social and labor movement activitists interviewed in this research also highlighted the differences between Lula's and Cardoso's strategies toward social and labor movements (Interview with CUT 1 and 2; Intersindical 1, 3 and 4). While the latter resorted to outright repression in order to tame anti-government disruptive action, Lula mobilized his inter-personal linkages with the social movements as a way to appease them whenever they disagreed with his policies. For example, the presidential palace under Lula opened its doors to activists, and Lula used his masterful negotiation skills to draw them closer to the presidency (Hochstetler 2010, 43).

[128] On PAC, see the official website of the program: http://www.pac.gov.br/sobre-o-pac (Accessed December 18, 2018).

Hence, dialogue, along with the political and economic inclusion and participation of social movements, led to the social pacification needed to ensure governability under Lula.

8.2.2.1 Political and Bureaucratic Inclusion of the Social Movements

Under Lula, the face of the bureaucracy was transformed and was drawn more closely to the social movements and the labor movements. The president mobilized his presidential power, which awarded him the capacity to recruit 47,000 bureaucrats (Gómez Bruera 2013, 143). Under Lula's mandate, 46% of all higher-level bureaucratic posts were handed to members of labor and social movements, and 45% of bureaucrats were unionized (Gómez Bruera 2013, 143; D'Arujo 2009a; Dagnino and Teixeira 2014, 53). In addition to handling important bureaucratic positions, the CUT controlled 12 cabinet positions under Lula's first mandate and was in charge of the Ministry of Labor between 2003 and 2007. FNRU activists filled up positions in the Ministry of Cities under Lula's first administration (Ibid, 144; Dagnino and Teixeira 2014, 56). CONTAG occupied important positions in the Ministry of Rural Development (Gómez Bruera 2013, 144) and although the MST denied its involvement in the bureaucratic apparatus, the director of the Programa Nacional de Educação na Reforma Agrária (National Program for Education in Agrarian reform [PRONERA]), the most important educational program targeting illiterate peasants, was a member of the PT and the MST (Ibid).

Hence, the inclusion of social movements (SM) in the state bureaucracy broke with the tradition of an arena that had been treated as the exclusive domain controlled by the elites, and opened avenues for enlarging the policy domain to make it open for those who had been struggling for years under military and post-military regimes against the public policies that dispossessed and marginalized them or treated their demands as non-issues. This PT approach also challenged gender and racial inequalities in Brazil. Lula's first and second administration would, for example, implement the 2002 gender and racial affirmative actions, which boosted the number of women and Afro-Brazilians visible in public positions to one of its highest levels since 1985 (D'Arajuo 2009 b).

Moreover, as the face of the bureaucratic apparatus changed under Lula, these social movements would implement policies that reflected the struggles for which they had been mobilizing for more than three decades (Gómez Bruera 2013, 145). The creation of the Ministry of Cities is largely viewed by some urban activists as the fruit of the activism pursued by the urban reform movement. The peasants represented by CONTAG and the MST along with the Movimento dos Atingidos por Barragens (Movement of People Affected by

Dams [MAB]), expanded state resources to improve production, access to markets and technical assistance, and peasant education (Boito et al 2014; Carter 2015, 419). Between 2001 and 2008, Programa Nacional de Fortalecimento da Agricultura Familiar (The National Program for the Strengthening of Family Agriculture [PRONAF])'s budget expanded from R$2.4 billion to R$ 13 billion (Gómez Bruera 2013, 146). The formal recognition of the labor centrals, the improvements to the national minimum wage, and the number of collective agreements reached above inflation, were also the fruit of working-class struggles (Ibid, 145).

The culmination of the Afro-Brazilian community's activism was the "creation of the Secretaria Especial de Promoção de Políticas da Igualdade Racial (Special Secretariat for the Promotion of Racial Equality Policies, SEPPIR), a cabinet-level federal secretariat" (Caldwell 2017, 72-73). With the creation of SEPPIR, Brazil became "the first country in the world to have a cabinet-level government unit that focused on achieving racial equality" (Ibid, 74). SEPPIR defined a list of priorities including supporting the Afro-Brazilian community and other ethnic and racial minorities and implementing affirmative action (Ibid). SEPPIR oversaw the adoption of the University Program for All (Programa Universidade para Todos [PROUNI]). The program targeted people of African descent, mixed-race, and indigenous peoples, granting both full and partial scholarships to those who came from low-income families. By the end of 2011, PROUNI served 780,000 students (Júnior, Daflon, and Campos 2011). SEPIRR had also contributed to the recognition that access to the Sistema Único de Saúde (Unified Health System [SUS]) is racialized, and pushed for the inclusion of the Afro-Brazilian communities' health concerns, which had been hitherto ignored (Caldwell 2017, 81).

Women's rights activists would also benefit from the creation of the Secretariat of Women's Rights in 2003, a high-level entity with a Ministerial status charged with coordinating policies that dealt directly with women's rights at the federal level. Their agenda included improving women's participation in decision-making positions; promoting inclusive education irrespective of race, class, or gender; addressing issues of women's sexual health rights; and implementing a law to defend women from domestic violence. As a result of the women's rights activists' continuous lobbying and Lula's commitment to pursuing affirmative action (Interview with CUT 1; Caulfield and Schettini 2017), women's participation in decision-making increased during his term. However, despite this considerable increase, Brazil still lags behind other countries in Lain America on this matter (Jalalzai and dos Santos 2015). As for the substantive changes, women and especially poor women benefited from Lula's social programs, discussed more thoroughly below, such as the Bolsa Família (Family Allowance [BF]). The pressure from women's rights organizations also led to the adoption of

Law Maria da Penha, which increased the penalty for perpetrators of domestic violence (Dagnino and Teixeira 2014, 51). The LGBT community, which had benefited from national conferences addressing their issues, had also pressured the government to eliminate discrimination based on sexual orientation and lobbied for civil unions. Consequently, the Supreme Court ordered the state to recognize same-sex unions in 2011, a move that would pave the way for the legalization of same-sex marriage two years later (Caulfield and Schettini 2017).

8.2.2.2 Participatory Councils

The origins of the participatory councils are rooted in the struggles of the social movements that called for their adoption in the 1988 constitution. They also drew inspiration from the PT's Participatory Budgeting (PB) and the legacy of participatory councils that preceded the transition to democracy (Pogrebinschi and Samuels 2014). Lula's administration was synonymous with an "architecture of participation," which rested on an impressive quantitative and qualitative increase in participatory councils and national conferences. Lula oversaw the creation of 25 national councils on racial, gender, and sexual minorities, and on socio-economic development (Dagnino and Teixeira 2014, 46-47). Under Lula's mandate, 74 national conferences mobilizing “5 million people and approving more than 15,000 proposals and 2,000 motions” (Ibid) were held. These conferences covered a wide range of issues from the environment to women’s right, education, rights of the elderly, and rights of the LGBT community (Ibid).

The scholarly community has been divided over the efficiency of these participatory mechanisms. Some have argued that such participation led to the betterment of social and economic conditions (Krein and Dias 2018, 204; Dagnino and Teixeira 2014, 54). Others have argued that, however participatory and relevant these mechanisms were, some of the councils charged with labor, tax, and pension reforms suffered from a serious overrepresentation of the business community and an underrepresentation of unions and the working class (Riethof 2018, 187; Hochstetler 2008). In the Conselho de Desenvolvimento Econômico e Social (Council for Economic and Social Development [CDES]), charged with drafting proposals for the aforementioned reforms, the business community monopolized 50% of the votes, compared to only 16% for unions (Galvão 2016, 273; Doctor 2007). Lula had tolerated the move because he "believed that the overrepresentation of business was crucial

for the improvement of economic and investment conditions and the generation of support for public policy decisions" (Doctor 2007, 139).

I argue that the imperative of ensuring governability shaped the contours of civil society's participation in policymaking. I argue that in the policy realm where the interests of capital were at stake, the participatory mechanisms were futile in the sense that the deliberation as a result of these participatory councils was shelved and vetoed by Congress or was encumbered by the absence of a political will, especially concerning the land reforms, to confront capital. In relation to the issue of policy implementation, the picture was rendered even more complex. On the policy issues that were deemed a critical PT policy, the PT would favor that the state ensured the delivery of such services. The centrality of these policies to the PT agenda and the imperative of reaching out to voters by programmatic efforts that make a direct impact on their lives sometimes eclipsed civil society participation. In other policy areas, that are less relevant for present purposes, the PT expended large amounts of their financial resources on civil society organizations to involve them in the delivery of services that would shape their local communities. While involving the civil society sector in service delivery had a direct and positive impact on local communities, it also had dire implications for the capacity of these organizations to draw their autonomy from the state, criticize state policies when needed, and pursue alliances with their fellows from other social movements.

Several examples illustrate the arguments above. Environmentalists successfully lobbied for the passage of an anti-GMO bill, which was adopted by the Ministry of Environment. The bill was later on turned on its head by the agribusiness lobby in Congress. The latter pushed legislation that legalized GMOs and enforced its will through the Ministry of Agriculture, which it also controlled (Hochestetler 2008, 45-46).

A similar case transpired around the construction of a hydroelectric dam in Belo Monte when

> "not only did the government not reconsider its decision to allow the projects to go ahead, but the government-agreed standards set to minimize the impacts of the ventures have largely been ignored. Work on the Belo Monte hydroelectric plant was stopped several times by the courts for not offering the conditions of adjustment for affected indigenous and local populations previously agreed to, such as housing, healthcare, schools, among others" (Dagnino and Teixeira 2014, 55-56).

The housing program, Minha Casa Minha Vida *Vida* (My House My Life [MCMV]), also illustrates the limits of participation, as it colluded with the imperative of delivering

social services to the PT's social base of support. A few years after its creation, the Ministry of Cities, initially led by a PT member, the first mayor who oversaw the implementation of the first PB in Porto Alegre, was finally managed by a conservative minister. The latter marginalized civil society actors from the ministry and oversaw the implementation of the MCMV (Dagnino and Teixeira 2014, 57). The program financed the construction of 2 million homes worth more than R$ 50 billion, to be inhabited by low-income earners (Boito and Berringer 2014, 101). Activists from the Frente de Luta por Moradia (The Front for the Housing Struggles [FLM]) argued that, despite the importance of the MCMV, it also benefited the construction and real estate sectors (Interview with FLM; Dagnino and Teixeira 2014, 56). For critics, "the program reproduced the spatial segregation between the rich and the poor […] The construction sector chose to build in isolated regions that have no access to urban services in order to maximize profitability" (Braga 2016, 83). In fact, the MCMV was put in place as one of the countercyclical policies that Lula pursued in the wake of the 2008 financial crisis. It aimed to deliver housing for lower-income earners and at the same time benefit the construction and financial sectors through the expansion of credit to the purchasers of these houses (Interview with FLM; Brigadas Populares).

The Bolsa Família (Family Allowance [BF]) is another example, which also illustrates how the imperative of ensuring governability and delivering services took precedence over civil society's participation in policy implementation. The BF is a conditional cash transfer of about 104$ per month aimed at the "extremely poor" and "poor" households, those who earn a monthly income of 73$ and 36$ respectively (Seidman 2010, 96). While the recipient communities and civil society were involved in the program that inspired the BF, the *Fome Zero* (Zero Hunger), the BF did not pave the way for such participation (Gómez Bruera 2015, 13). Here again, the PT administration was concerned with overcoming the inefficiency and delays that can result from the participation of citizens and civil society actors, in order to implement a program deemed crucial for the PT.

While the first three examples illustrate the limits of participation on the question of policy formulation and monitoring, this last example opens the discussion concerning the involvement of civil society groups in implementing social policies and delivering social services. While the state made sure to step in to deliver these services, this pattern was not generalized across all policies. Under Lula, both social movements and civil society organizations were involved in delivering services to their local communities, which mirrors the public-private partnerships visible across the globe under neoliberalism. The civil society sector is said to be more efficient at service delivery due to its proximity to the local

communities, its innovation in overcoming bureaucratic hurdles, and its capacity to involve citizens in running their affairs.

In Brazil, some have estimated that the state under Lula devolved 1.3 R$ billion in 2003 alone to civil society organizations (Gómez Bruera 2013, 146), with a large number of state financing channeled from state-owned enterprises to the civil society sector (Ibid). It is worth noting that data for more recent years does not exist, but between 2003 and 2009, the "government provided 152 R$ million to 42 (rural) coops" (Ibid). The rural coops were charged with providing technical assistance and training to the landless peasants, and at the same time, they expanded significant funding to the MST and CONTAG. As the resources devoted to the PRONAF expanded under Lula, funding to the MST also increased. As Bruera noted, "although the resources of PRONAF were directly channeled to its beneficiaries; the MST charged (3-5%) of the credit they receive from the government" (Ibid).

Service delivery also shaped patterns of democratic civic engagement, and prospects for cross-movement alliance building. Firstly, in a trend that reflects the dilemmas of civil-society participation in service delivery across the globe, funding shaped their discourse, their relationships with other civil society actors, and the state. A plethora of research is focused on how encouraging civil society's involvement in service delivery has contributed to the moderation of the civil society's discourse and goals. In Lula's Brazil, and given that the president expanded resources for the civil society sector, the latter became more dependent on state funding than during the years of his predecessors, and hence less prone to voicing their criticisms of the PT administration (Gómez Bruera 2013, 148).

Social movements were also drawn closer to the state, and prospects for building alliances among them were narrower. In fact, social movements' engagement shifted toward allying with the state (Maier 2008) to obtain more resources and satisfy immediate needs (Gómez Burera 2013, 148). For example, the CONTAG continued to organize its famous marches, but their protests were turned into means to negotiate with the Lula administration for increased funding (Ibid, 147). In addition to spending more time on their relationship with the state, these social movements spent less time organizing and mobilizing at the grassroots level (Ibid). Not only were social movements gravitating more to the realm of the state, but civil society organizations, especially those operating in similar fields, were competing for resources. The combination of these factors weakened prospects for cooperation among the civil society sector, with necessary implications for interest politics (Interview with USP sociologist).

8.2.2.3 Socio-economic Inclusion

The combination of participation and inclusion, along with Lula's commitment to tying economic growth to a redistributive state that provided welfare not only for the formal working class but also for Brazil's poor and marginalized sectors, had important implications for addressing Brazil's socio-economic inequalities and revitalizing the domestic market (Filho and Morais 2018). The following section complements the discussion above to reflect on the material benefits of the expansion of social and economic rights under Lula.

The most important social programs introduced under Lula were the BF, the MCMV, and Luz Para Todos (Light for All [LPT]). As the number of households benefiting from BF increased from 8 million in 2003 to 14 million in 2011, the equivalent of 30% of the Brazilian population (Annex), the percentage of poor families dropped from 28.2% in 2003 to 14.08% in 2011 (Annex, The Percentage of Poor and Extremely Poor Families) and the number of impoverished households dropped from 11.27% in 2003 to 5.26% in 2011 (Ibid). In sum, the number of people living below the poverty line dropped from 15.18% in 2003 to 6.31% in 2011 (Annex, People below Poverty Line). A substantial improvement on the GINI coefficient was recorded for the same period (Annex, GINI Coefficient). Lula's administration also introduced the LPT a program, which brought light to areas that had been deprived of electric power before Lula's victory (Interview with MST). The program emerged under the first Lula administration when Rousseff was the Minister of Energy, and, by 2018, the program had already reached close to 3,400,000 families and 16.2 million residents.[129] In addition to the BF and the LPT, Lula ordered the creation of the aforementioned subsidized housing program, the MCMV, aimed at low-income families.

Finally, the valorization of the minimum wage was a vital strategy to incentivize consumption among lower-income families. Between 2003 and 2011, the minimum monthly wage rose from 533 R$ to 834 R$ (Annex), multiplying in value by 1.5. The benefits of this strategy were not only felt by the formal working class but also by the precarious casual workers whose incomes are calculated in terms of multiples of the minimum wage (Seidman 2010, 98). Furthermore, the "minimum wage is often seen as the ceiling, rather than the floor, of wages in poor rural areas, and the increase in the official level has almost certainly helped reduce poverty by raising prevalent wages in the last decade" (Ibid). The rise in the minimum wage had its profound impact on the elderly. By 2010, Brazil was one of the countries with the highest pension coverage in the world, with 90% of Brazil's senior citizens receiving

[129] For Luz Para Todos: https://www.mme.gov.br/luzparatodos/asp/default.asp?id=1

government pensions, which were also calculated based on the minimum wage (Ibid, 99). Lula had also implemented a program to punish the slavery practices that were still predominant in the countryside. He introduced penalties for employers caught recruiting unpaid workers. These penalties involved paying their "former workers all back wages and taxes and threatening to cut off offending employers from any future government loans, subsidies or tax benefits" (Ibid, 100). Since 2003, the PT government has freed between 4 and 6 thousand workers who endured slavery practices (Ibid).

Moreover, growth was tied to a job-based economy. Under Lula's mandate, almost 21 "million jobs were created compared to 11 million in the 1990s" (Filho and Morais 2018, 99). The services sector absorbed more than 90% of these newly-created jobs (Souza et al. 2016, 1041; Braga 2016). The increase was not only in the number of people who were employed but, equally importantly, in the number of "people working under the terms and conditions that are under Brazil's labor law and covered by the social security system" (Melleiro and J. Steinhilber 2016, 214). The increase from 45% to 56% of those employed by the formal sector between 2003 and 2012 (Ibid) has been the consequence of the formalization of the job market.

As has been previously shown, the PT policies departed from the populist welfare that targeted the male members of the industrial working class. PT policies were inclusive of women and Afro-Brazilians as well as of members of the LGBT community. Women, who inhabit the more precarious and informal sector, have benefited from the aforementioned cash transfer programs. For example**,** the GINI coefficient by gender recorded an improvement for women, with the GINI coefficient for women dropping from 0.525 in 2004 to 0.484 in 2011 (Annex, GINI by Gender). Improvements to the minimum wage and the formalization of the job market not only lifted people from extreme poverty; they led to upward social class mobility and challenged racial inequality (Interview with CUT 2; MST leader). A 2012 study published by the Strategic Affairs Secretariat (SAC) reported that more than 35 million Brazilians stepped into the middle-class category between 2002 and 2012. In 2012, those who belonged to the middle class constituted 53% of the population (SAC 2012, 13). These transformations also challenged Brazil's racial questions, as the majority of the poor were drawn from the Black community. The combination of social programs, the valorization of the minimum wage, and affirmative action led to a situation wherein "80% of the increase of the middle-class refers to the black population" (SAC 2012).

8.2.3 The Neo-Developmental Alliance, Unionism, and Workers under Lula (2003-2011)

So far, the discussion has focused on the PT strategies for deepening democracy and implementing a neo-developmental model. This following section focuses on the views of the labor and social movements vis-à-vis the PT administration and the reforms that directly affected the formal working class, the peasants, and the forms of labor and peasant mobilization under Lula. Firstly, I argue with Boito et al. (2014) that the neo-developmental alliance incorporated not only the formal working class but also peasants; the more vulnerable population of the temporary, unemployed, and underemployed; and the homeless population. However, the degree of approval of the labor, peasants', and urban reform movements of Lula's economic policies was not uniform. To give a few examples, the MST supported Lula’s re-election but criticized his economic policies. Within the labor movement, two small leftist union centrals emerged from CUT's ranks in the wake of the 2003 pension reforms. Albeit small, at the symbolic level, these centrals challenged the focus on mediation/negotiation, maintained combativeness as an option to promote working-class interests, and defended the principles of shop-floor level unionism. As will be shown, the nature of Lula’s reforms (pension, land reforms, recognition of union centrals, tax reforms) shaped the relationship between the formal and informal working class on the one hand and Lula's administration on the other. Secondly, I show that the large labor centrals led by the CUT and the landless peasants either consciously pursued moderate strategies of mass mobilization or were forced to do so as their bases moderated their views; the result was that in general terms the mass mobilization shifted increasingly toward less disruptive forms of collective action.

It is worth noting that, as discussed above, the inter-class and cross-movement alliances remained weak. The absence of alliance formation is owed to the patterns of civic engagement that emerged under Lula’s administration and encouraged cooperation with the state rather than between civil society actors. Another factor that impeded alliance formation was that these social and labor movements did not hold the same degree of approval of the Lula administration. Arguably most, though not all, of the labor centrals and the social movements would have agreed that Lula promoted democratic practices. However, they disagreed on the question of supporting his economic agenda. This disagreement would also affect patterns of alliance formation. Forms of alliance formation would take place occasionally, in the wake of the 2005 scandal for example, when the CUT, the MST, and other civil society actors together pursued mass mobilization to defend the democratic process (Hochstetler 2008). Alliances were absent when individual strikes or land occupations took

place, which is in line with the decision by both labor and social movements to avoid disruptive collective action.

8.2.3.1 Workers, Peasants, the Homeless and the Unemployed: Labor Centrals and Social Movements of the Neo-developmental Alliance and its Critics

I have thus far discussed the mechanisms of participation and socio-econoic and political inclusion under Lula. The following section sheds light on the class composition of those subordinate classes that had taken part in the neo-developmental alliance, the labor centrals and the social movements that represented them, and the dissenting oppositional voices from within these movements. The first social class that took part in the neo-developmental alliance was the formal urban working class. The latter would benefit from the PT policies of the valorization of the minimum wage, the formalization of the job market, and the recognition of the labor centrals discussed below (Boito et al 2014).

The neo-developmental alliance between the working class, the state, and the internal bourgeoisie involved the majority of union centrals, including both some centrals that openly supported the former military regime or the post-military neoliberal policies and the new unionists who emerged from the anti-military struggles. This ideologically diverse alliance of union centrals agreed to support the neo-developmental model, confer legitimacy on and support the president's agenda, and maintain mobilization at a manageable level (Gómez Bruera 2013, 136).

CUT led the neo-developmental alliance of union centrals. It was the largest union central, representing the largest number of unionized workers (30.4% in 2016, Annex) and the largest number of unions (21.22% of unions in 2016, Annex). As I discussed in the previous chapter, the rise of *Articulação Sindical* (Union Articulation [AS]), which was also tied to the PT's *Articulação*, prompted CUT to moderation under Lula. When Lula was elected president, the schoolteachers' union leader, who was associated with public-sector employees, headed CUT. Neither the PT nor proponents of the AS viewed his re-election favorably, and both feared that his union base would oppose Lula's pension reforms (Gómez Bruera 2013, 142). As a result, the CUT opted to elect one of Lula's favorite union leaders, Luiz Marinho. Under Marinho's mandate, CUT held favorable views of the state. CUT members depicted the state as more open to working-class representation and participation in policy-making than the state under Cardoso for example (Interview with CUT 1). Hence, CUT's former position of hostility and distancing from the state gave way to collaboration and participation under the PT administration. Consequently, CUT sought to reconcile with the internal bourgeoisie, a

leading ally for the working class under neo-developmentalism. Neo-developmentalism was credited for positive gains for both capital and labor (Interview with CUT 2). Permanent mass mobilization and general strikes were no longer viewed favorably. According to CUT, the mass mobilization that had delegitimized the previous regimes could pave the way for a potential anti-Lula coup launched by his opponents (Krein and Dias 2018). CUT's fears were not unfounded; the *Mensalão* scandal would confirm them.

Some leftist centrals joined the CUT and supported the neo-developmental alliance. The first one was the Central Geral dos Trabalhadores do Brasil (General Workers' Central of Brazil [CGTB]), which controlled close to 2% of union representation until 2016 (Annex). A division rocked CUT in 2007, leading to the rise of the Central dos Trabalhadores e Trabalhadoras do Brasil (The Central of Brazilian Workers [CTB]). CTB and CGTB views are not reflected here because I could not schedule interviews with their representatives. The CTB was associated with the *Corrente Sindical Classista* (Trade union classist current [CSC]) that had joined CUT in 1988 after separating from the Central Geral dos Trabalhadores (CGT) (Galvão et al. 2015, 27). One of the main issues of debate between CUT and the CTB was that CUT advocated for union pluralism, while the CTB argued, "it could weaken the union movement dividing workers in a single work category into different unions" (Ibid). Until 2016, the CTB represented 6.81% of unions and 10.08% of unionized workers. The largest numbers of unions affiliated with the CTB were the urban workers' unions (42.3% of CTB unions), and the civil servants' unions (32.8% of CTB unions) (Galvão et al. 2015, 35). Despite the divisions, the CTB held favorable views of Lula, was in agreement with PT policies, and participated in the neo-developmental union central alliance (Ibid; Interview with DIEESE sociologist).

In addition to CUT, the CGTB, and the CTB, the coalition also included union centrals that represented former *pelegos* as well as union centrals that supported the neoliberal policies of Collor and Cardoso. The FS, the second largest central and CUT's traditional rival, turned ally under Lula, also participated in the coalition. In 2016, the FS controlled 14.78% of unions and represented 10.08% of unionized workers (Annex). FS held positive views of Lula and praised his minimum wage policies and the recognition of union centrals (Interview with FS1 and FS2). They actively took part in the councils erected under Lula, among others the Fórum Nacional do Trabalho (National Labor Forum [FNT]), and the Conselho de Desenvolvimento Econômico e Social (Council for Economic and Social Development [CDES]), and cooperated with CUT on the labor reform agenda, as will be discussed in

greater detail below. In 2007, the FS president was appointed the Secretary of Labor Relations in the Ministry of Labor (Trópia and Cangussu de Souza 2018, 58).

The União Geral dos Trabalhadores (General Workers Union [UGT]) also joined the coalition. In 2016, the UGT represented 11.69% of unions and 11.29% of the unionized working class (Annex). It "combined three former trade union groupings (as well as dissidents from FS)" (Melleiro and J. Steinhilber 2016, 219). UGT, like the FS, cooperated with CUT on its labor reform agenda. It was a union central of different political tendencies (Interview with UGT1, DIEESE sociologist). While some of its representatives praised the Lula administration and his redistributive policies (Interview with UGT1), others criticized the PT, accusing them of corruption and transforming the poor into clients for their social programs (Interview with UGT 2 and MTST activist). Finally, the Nova Central Sindical de Trabalhadores (New Workers' Central [NCST]) emerged in 2005; in 2016 it represented 10.4% of unions, and 7.45% of unionized workers (Annex). NCST is considered one of the representatives of the old unionists/*pelegos*, who were opposed to transforming corporatism (Melleiro and J. Steinhilber 2016, 219).

In the wake of the 2003 pension reforms, dissident voices emerged from within CUT proper criticizing CUT's relationship with the state, particularly the way in which CUT had compromised its autonomy in favor of the Lula administration and acted as the PT's "union arm" (Interview with Conlutas, Intersindical 1, and 2). Two small centrals, CSP Conlutas – Central Sindical e Popular (Popular and Union Central) – and Intersindical – Central da Classe Trabalhadora (The Central of the Working Class), emerged. Although they represented a small number of unions, they played an important role at the symbolic level in their commitment to pursuing combativeness with both capital and the state.

CSP-Conlutas' majority of delegates (more than 70%) were affiliated with the Partido Socialista dos Trabalhadores Unidos (Unified Workers' Party [PSTU]) (See Chapter 7). Conlutas controlled 2.25% of unionized workers and a small number of union affiliates (0.96%) (Annex). It mostly represented civil servants, primarily in the educational and cultural sectors (55.6% of Conlutas unions), as well as the workers in the urban private sector (the services sector and the industrial sectors, 33.2% of Conlutas) (Galvão et al. 2015, 35). Conlutas had emerged from various leftist currents,[130] and presented itself as an alternative to CUT. It proposed a combative strategy rooted in the persistence of shop-floor unionism rather

[130] The currents include the Movimento por Uma Tendencia Socialista (The Movement for a Socialist Tendency [MTS]), which is now linked to the PSTU; the Movimento de Esquerda Socialists (The Movement of the Socialist Left [MES]), associated with the PSOL; as well as the Movimento Avançado Sindical (Advanced Trade Union Movement [MAS]) and the Movimento Terra Trabalho e Liberdade (The Land and Work Movement [MTL]) (Galvão et al 2015 26; Sluyter-Beltrão 2010; Fernandes 2017)

than negotiation and conciliation (Interview with Conlutas). Its founders criticized CUT's conciliatory approach toward capital and the state and Lula's pursuit of the implementation of Cardoso's macroeconomic policies (Ibid). The central also criticized how Lula compromised CUT's autonomy (Interview with Conlutas). Furthermore, they opposed CUT's participation in the CDES and CUT's willingness to sit at the bargaining table with capital (Galvão et al. 2015, 26-27). On several occasions, Conlutas accused CUT of acting as the union arm of the PT (Interview with Conlutas; Antunes 2013, 272; Galvão 2016). The most widely cited evidentiary examples for these accusations were the 2004 banking sectors' strike and the 2003 pension reforms (Interview with Conlutas), both of which will be discussed in the following section. However, Conlutas' criticism of the government's neoliberal policy did not receive much support from its base, given the positive gains that the working class achieved under Lula (Galvã 2014, 194).

Intersindical was the other main central that emerged from CUT in the wake of the 2003 pension reforms (see below). Intersindical was also predominantly present among civil servants (57.9% of unions affiliated with Intersindical) (Galvão et al. 2015, 35). The majority of its delegates were affiliated with the Partido Socialismo e Liberdade (Socialism and Liberty Party [PSOL]), a party that emerged in the wake of the 2003 pension reforms when four PT politicians were expelled from the party for their opposition to the reforms. The central was also critical of Conlutas. The two centrals maintained a good relationship until Conlutas tried to bring Intersindical under its umbrella in 2010, leading to further divisions within left unionism (Interview with Intersindical 1, 2, 4). According to one of my interviewees, this condition reflects the broader dilemmas of left politics in Brazil with "too many leaders (capos), leading a small number of people" (Interview with Sociologist, USP).

Intersindical also presents itself as a central, preserving the first and fundamental principle of CUT: shop-floor unionism. It initially proposed organizing the unions at the base level regardless of whether there was a union central or not (Galvão et al. 2015, 27). However critical of PT policies and the CUT under the PT, Intersindical acknowledged CUT's historical legacy and its struggles under the military regime (Interview with Intersindical 1, 2, 3, 4). Its members identified themselves as CUT's left base, who had been antagonized by Lula's accommodation of capital's interests and CUT's subservience to the PT (Ibid). Intersindical leaders labelled their union central "one of the left that would never relinquish struggles against exploitive capitalism" (Interview with Intersindical 1). Intersindical also did not compromise on the question of union autonomy with either the state or capital (Ibid). They argued that CUT acted in harmony with the PT agenda, but a distinction between CUT

and the FS needed to be made (Interview with Intersindical 1,2,3,4). The FS is the embodiment of unionism created by the state, with some of its members drawing from the ranks of the *pelegos* who cooperated with military rule, while the CUT was born from working-class militancy under military rule and played an instrumental role in the democratization process (Interview with Intersindical 1). Intersindical also criticized Lula's policies, but maintained the line that unlike with FHC, who criminalized workers and social movements, their disagreements with Lula were political (Interview with Intersindical 4). Intersindical opposed the Lula administration and held that the PT was responsible for the financialization of the economy (Interview with Intersindical 1, 2, 3, 4). They also maintained that despite the improvements in consumption patterns under the PT, it was not a consolidation of universal and constitutional rights. For Intersindical, the cash transfer and social housing programs remained party programs, aimed at a targeted group, that could disappear or make its way depending on the government in place (Ibid).

Peasants would benefit from Lula's openness and recognition of their struggles, which was a considerable change compared to the Cardoso era (Interview with MST). Those who benefited the most were peasants who received state financing for agriculture and who were involved in selling their products to the government (Boito and Berringer 2014, 100. Those who were more disadvantaged were the vulnerable landless peasants who counted on land expropriation and aggressive land reforms, which did not materialize given the strength of agribusiness (Ibid). Peasants were represented by the MST, the Movimento dos Atingidos por Barragens (Movement of People Affected by Dams [MAB]), and CONTAG (Ibid). Unfortunately, I was not able to schedule interviews with CONTAG and MAB, and their views are therefore not reflected in this dissertation.

As for the MST, it supported Lula's first and second electoral campaigns but insisted that it was a politically autonomous movement that continued to support agrarian reforms under the PT administration (Interview with MST). The MST assumed a more critical stance on the Lula administration compared to the hegemonic neo-developmental union centrals, but it was also more moderate compared to the leftist union centrals. On the one hand, it was aware that despite the fact that Lula promised but did not implement land reforms, he was still the most popular president among landless peasants; his policies led to the decriminalization of the movement, an expansion of funds for their activities, and an expansion of social benefits that lifted peasants from extreme poverty and eradicated peasant illiteracy (Interview with MST; Gilbert 2015; Carter 2015; Brandford 2015). On the other hand, the MST moved toward more critical stances when the land reforms were not adopted under Lula's first

administration, and the number of settled families started to decline under his second term. While Lula's first mandate witnessed the settlement of 300,000 families, the numbers declined to a little bit more than one third of that number during his second term.[131] However critical of Lula’s economic policies, the MST was keen to direct its criticism toward Lula’s economic policies rather than Lula himself. MST argued that PT policies lifted landless peasants from hunger, but the structural change did not take place (Interview with MST). The MST deemed the structural transformations necessary for tipping the balance of power in favor of the peasants and the working class.[132] The MST was also more pragmatic than the urban Left. According to one of its leaders,

> "We do not know where he (Lula) is, but we know that if the poor do not get organized, he will go in the direction of the rich. However, we do not think Lula's government is lost; we think it is still in dispute. Lula still has the smell of the people from which he came. We do not agree with the ‘radicaloids’ of the urban Left who do not believe in the government anymore. They do not think Lula can be redeemed. We disagree. We think he can be redeemed." (Ondetti 2008, 203)

As for the more precarious unemployed and underemployed, mostly residing in the urban peripheries, they were more on the “fringe of the neo-developmental alliance” compared to the formal working class and peasants (Boito and Berringer 2014, 100). They found their representation among a plethora of social movements pushing for the right to housing and urban reforms but also among other social movements focusing on the struggles of the unemployed and the homeless. I have previously discussed the incorporation of the urban reform movement in Lula’s government, which was also responsible for the creation of the Ministry of Cities. The FLM, one of those housing movements, held favorable views of the Lula administration, praising his efforts to create the Ministry of Cities, and argued that the PT administration represented the interests of the homeless and the unemployed (Interview with FLM). The Brigadas Populares (BP) and the MTST held more critical views of the PT administration. For example, the MTST criticized the “PT administration […] and promoted the politicization of its base from a radical left point of view (from anti-capitalist to socialist depending on the context)” (Fernandes 2017, 142). The Brigadas Populares (BP), which emerged in September 2011, presented itself as a national anti-capitalist and anti-imperialist political organization that proposed a revolutionary alternative to the socio-

[131] For the settled families between 1994 and 2014 see: http://www.incra.gov.br/sites/default/files/uploads/reforma-agraria/questao-agraria/reforma-agraria/familias_assentadas_serie_historica_incra_mar_2014.pdf

[132] See the interview with João Pedro Stedile, MST Leader: https://www.globalresearch.ca/brazil-2012-interview-with-mst-leader-joao-pedro-stedile-on-dilma-governments-agrarian-reform-program/5525699

political order and was committed to organizing and mobilizing those who "have nothing to loose," i.e. the residents of the urban peripheries, by "advocating the right to housing, which is embedded in the right to the city, the right to work, and resistance to deindustrialization" (Ibid). BP, like the MTST, was critical of the PT's economic policies and of the concessions that it gave to capital, and financial capital in particular (Ibid).

Aside from the unemployed and the homeless, there were others who benefited significantly from the PT's social redistributive mechanisms, such as the BF recipients, but who have been deemed by many scholars and activists to be the passive recipients of such policies, in the sense that the PT did not put in practice any mechanisms to organize them (Boito and Berringer 2014, 100; Filho and Morais 2018). The CUT members acknowledged this shortcoming, while arguing that

> "We did not explain to workers that all of this happened in their lives because of a government project and the party project. We did not do it. We ended up being caught in this fight against corruption and all the excuses that paralyzed Brazil" (Interview with CUT 1).

8.2.3.2 Land and Labor Reforms under Lula

As discussed above, the councils were charged with presenting policy proposals. The tax, pension, union, labor reforms were devolved to the CDES and the FNT. On average, the most positive reform was the recognition of the union centrals that finally formalized their work. While greater political participation and economic redistribution benefited the poor and the working class under Lula, the outcomes of the pension and agrarian reforms attest to the limits of the structural change necessary to tip the balance of class power in favor of the poor and the working class (Interview with Intersindical 1, 3; Interview with MST). In the case of pension reforms, the PT could not pursue a radical pension reform, as it faced a strong military-judicial lobby that resisted stripping the military and the judiciary of their privileges and their high salaries. In the case of agrarian reforms, the PT feared triggering the anxiety of large landowners whose economic participation was necessary for the generation of foreign currency under neo-developmentalism.

The first reform discussed here is the 2003 pension reform. In 2003, Lula charged the CDES to present a pension reform for public sector employees. This reform aimed to reduce payments to "2.3 million civil servants who in 2002 accounted for about four-fifths of the deficit in the pension system" (Melleiro and J. Steinhilber 2016, 217). Those who were

responsible for the large deficit were high-ranking public sector employees, including judges and the senior military officers who had negotiated to increase their benefits with the pre-PT governments (Ibid).

To everyone's surprise, the reform package was not different from the one proposed by Cardoso in 1998, which had at that time been formally opposed by both the PT and CUT (Hunter 2009, 150). The alliance of neo-developmental Centrals supported the reform, which was also approved by the Senate and the Congress. The CUT did not oppose it, despite public-sector unions affiliated with CUT insisting that the bill should be withdrawn and calling for a general strike, an issue discussed at length in the following section (Gómez Bruera 2013, 143). The PT ended up expelling three federal deputies and a senator because they opposed the reforms (Hunter 2009, 151). Together, the expelled former PT politicians formed a new socialist party, the PSOL (Party of Socialism and Liberty) (Ibid). CUT members who were affiliated with the PSTU left and joined the PSOL to establish the CSP-Conlutas and Intersindical, which would together constitute the pole of union opposition to CUT and the PT.

The 2003 reforms

> "increased the minimum retirement age of all civil servants (to 55 for women instead of 48, and 60 for men instead of 53), required retired civil servants to contribute to social security if their income exceeded the 1440 R$ per month (less than 2.5 times the minimum wage at the time), limited the amount of pension paid to widows and orphans of civil servants and placed a cap on civil servants' wages" (Baer 2014, 160).

At the same time, the arrangements that served the interests of high-ranking bureaucrats remained intact.[133] Under the pressure of the military and the judges, Lula was forced to make concessions to the latter. In the initial proposal, "the military would have to leave the special regime that it enjoyed and would receive retirement according to the same rules that regulated access for other civil servants. Under the pressure of the deputies who defended the category (including the current president Jair Bolsonaro), the PT government excluded representatives of the Armed Forces from the package."[134] The judiciary represented by the Association of Federal Judges of Brazil also lobbied to maintain its privileges, leading the critics of the 2003 pension reform to argue that "78% of judges have salaries above 140,000$ (260 times the

[133] See Simon Romero, "Brazil Where a Judge made 365 000 $ a month", NY times: https://www.nytimes.com/2013/02/11/world/americas/brazil-seethes-over-public-officials-super-salaries.html.

[134] See the following: https://economia.ig.com.br/previdencia/reforma-urgente/2019-05-29/problema-antigo-previdencia-ja-foi-alterada-por-fhc-lula-e-dilma.html

minimum wage). They earn salaries higher than the president of the Republic, while the constitution established that no one could earn more than R$ 37,200, the salary of the president of the republic" (Interview with Intersindical 1).

Another major reform was the recognition of the large centrals in 2008, which could up to then "informally organize and mobilize their affiliates but could not intervene directly in the negotiation processes or claim a share of the union tax" (Mayer 2016, 112). The 2008 law guaranteed access to the union tax, proportional to the representative capacity of the centrals. The centrals did not agree over whether to maintain or get rid of the union tax. CUT leaders argued that the system was left intact because other union centrals opposed removing the union tax (Interview with CUT 2). FS did not even mention union tax reforms as necessary. Both Conlutas and Intersindical remained highly critical of its persistence, and both argued that the union tax should be abolished as it risked compromising union autonomy (Interview with Conlutas), paving the way for the bureaucratization of the union leadership (Interview with Intersindical 1 and 3). In line with this argument, some have pointed out that the union tax was maintained because under the PT mandate it continued to generate revenue for the centrals (Riethof 2018; Krein 2016). Between 2008 and 2014, the union tax revenues increased from 65.7 million R$ to 180 million R$ (Krein 2016). It was finally abolished under the mandate of Michel Temer's, President Rousseff's vice-president who was appointed president in the wake of her impeachement.

Furthermore, the law was restrictive for small union centrals. To be officially recognized, the centrals had to demonstrate activity in at least three regions of the country and represent activity in 5 economic sectors while representing 7% of workers in each sector (Antunes and Santana 2014; Antunes 2013). This condition proved untenable for the union opposition under Lula, both for Conlutas and Intersindical, who each represented a small number of unions and competed for the representation of overlapping work categories.

Aside from the aforementioned reforms, it is worth noting that tax reforms never saw the light (Brookings Institute 2010). As a result, the tax system continued to hurt low and middle-income wage earners. According to my interviewees, "those who earn up to $ 5000 they have to pay the highest tax rate, which is 27.5% for a physical person. However, a banker who already paid for his income tax is exempted from paying taxes on dividends. Seventy-three thousand in Brazil have equity of 300 million, and they are all tax exempt" (interview with Intersindical 1).

The land reforms also did not come to pass under Lula (Interview with MST, Brandford 2015). In 2003, Lula charged the Minister of Agrarian Development, Miguel

Rossetto, to come up with a land reform plan. The latter in turn charged a former PT member and expert on agrarian reforms, Plínio de Arruda Sampaio, to coordinate with intellectuals and social movements (the MST, the CONTAG and the Movements of Small Farmers) on this matter. The result was Sampaio's reform plan, which suggested the settlement of 1 million families between 2003 and 2007 (Brandford 2015, 342). In order to "enable the government to obtain this land at a reasonable cost, it recommended first that the government should take over all *terra grilada* (land usurped illegally by large landowners) and second it should change the criteria by which a *latifúndio* is deemed unproductive and thus available for forcible purchase. At the moment, the criteria are set at such a low level that much of the land being used is well below its full potential and is therefore deemed productive" (Ibid). However, the government did not endorse Sampaio's proposal, fearing strong opposition from landowners (Ibid). These fears were confirmed as landowners evicted nearly 35,000 families during the same period in which the plan was drafted (Ibid, 342). Lula then modified the plan by proposing to settle "400 thousand families and to expand rural credit to 130 thousand families" (Ibid, 344). As Rossetto has explained, Sampaio's "plan had to be changed because it was not realistic given the correlation of social, economic, and political forces" (Ibid, 343). As previously argued, the agrarian lobby was predominant in Congress, and the agrarian sector remains one of the largest sectors in Brazil today, where it is responsible for the generation of foreign revenues and currency, which is necessary to ensure financial stability and hence incentivize capitalist investments under a neo-developmental model.

8.2.3.3 Peasants' and Workers' Mobilization under Lula

In this section, I argue that the mass mobilization under Lula shifted toward less disruptive forms of action that were in line with the labor and social movements' commitment to moderating their approaches and to ensuring governability. It was also a consequence of the processes of inclusion, participation, and dialogue pursued under Lula, which appeased potential sources of opposition. As will be shown, the patterns of mobilization pursued by the neo-developmental alliance supported rather than challenged the PT agenda. Increasingly, the fact that CUT unfolded into the PT's union arm, a pattern that had started in the mid-1990s, became clearer under Lula's administration. The neo-developmental alliance and CUT in particular would demand the betterment of wages and achieve significant advancements, recorded by the number of collective agreements reached under Lula. However, they would avoid pursuing aggressive forms of mobilization whenever their demands collided with capital's interests or the PT agenda. As for the MST, they would not relinquish

combativeness. In fact, in the first year of Lula's administration, they would pursue mass mobilization to apply pressure from below on Lula and to enforce the adoption of the land reforms. Over the years, however, their combativeness would subside, likely because, as previously argued, both the MST and its base benefited from the expansion of resources under Lula.

The neo-developmental alliance of union centrals called for mobilization around its labor agenda, but it was not a disruptive form of mobilization. Instead, it aimed at negotiating with the state and capital a labor agenda spearheaded by CUT in 2005 and adopted in 2009. The agenda revolved around "ending arbitrary dismissals, the ratification of the ILO Convention 158, the reduction of the workweek from 44 to 40 hours without reducing salaries, increasing resources for education, health, and public services, and increasing unemployment insurance" (Galvão 2016, 273; Krein 2016). The neo-developmental alliance of union centrals would mobilize during six national working-class marches to make these demands but they would avoid pursuing more aggressive mass mobilization to enforce, for example, the reduction of the workweek and the ratification of ILO Convention 158 against unplanned dismissals, both of which were vetoed by capital as they continued to challenge their interests.[135]

The neo-developmental alliance of union centrals also abstained from supporting labor mobilization that challenged the PT administration or its pact with capital. First of all, the pension reforms triggered intense resistance from CUT's public-sector unions (Melleiro and J. Steinhilber 2016, 217). When the civil servants' unions within CUT resisted the reform and organized several strikes, including the largest one in Brasilia, which gathered 50,000 civil servants, the AS within CUT opposed the mobilization, supported the pension reforms, and called for negotiation with the government (Galvão 2009, 182; Riethof 2018, 189; Gómez Bruera 2013, 143). The mobilization around the 2003 reforms thus attests to the fact that CUT allied with the government and was unwilling to take any action that challenged the PT administration. A similar scenario transpired during the 2004 banking sector strike. Bank workers declared a 30-day strike that spread geographically across different regions of Brazil (Interview with Conlutas; Riethof 2018, 192). In light of the strike, "CUT-affiliated National Bank Workers' Confederation (Confederação Nacional dos Bancários, CNB) negotiated a national wage agreement" (Ibid). However, the "grassroots union meetings ended up rejecting

[135] See the Trade Union Movement Back to the Political Scene: http://www.ipea.gov.br/desafios/index.php?option=com_content&view=article&id=2803:catid=28&Itemid=23

the agreement, accusing the CNB of betraying them and pandering to the government's macroeconomic goals while neutralizing union militancy" (Ibid).

Beyond the mass mobilization, workplace strikes also recorded significant changes under Lula. One can observe that the number of workplace strikes diminished compared to the immediately post-military decade (1985-1995), but the numbers were also higher and more demanding of the betterment of work conditions compared to the strikes under Cardoso (1995-2002), when workers had been thrown on the defensive (Boito and Marcelino 2013, 65). For example, the number of strikes seeking the betterment of work conditions ranged between 65% and 69% of the total number of strikes between 2003 and 2009 (Annex). The shift is indicative of the fact that both living and work conditions improved under Lula (Boito, Galvão, and Marcelino 2015). The increase in the number of strikes under Lula is owed primarily to Lula's tolerance and openness to the working class and social movements (Interview with Intersindical 1 and CUT1). In terms of numbers, the Lula administration recorded slightly more than 300 strikes yearly between 2003 and 2007 (Annex); the numbers started to increase between 2008 and 2010 again (Annex). Despite the increase in strike activity under Lula, it is worth noting that the number of strikes never reached the levels of the late 1980s and early 1990s, which also reflects the moderating effects of the neo-developmental model on the base, with the latter reaping the benefits of redistributive mechanisms. As a result of working-class mobilization, the percentage of collective agreements above inflation reached 87% (in 2007 and 2010) under Lula's mandate, compared to 46.5%, the highest percentage under Cardoso (Linhares 2015, 10).

There were also qualitative changes about working-class mobilization under Lula. First of all, while the trend in the previous decades was such that the private sector was the one leading the strikes, Lula's administration witnessed the rise of the public sector, with civil servants at the forefront of organizing strikes in the public sector between 2003 and 2007 (Annex). As the civil servants rose in militancy, they were also responsible for the most significant number of hours stopped (Annex). Several factors explain this change. First of all, the aforementioned 2003 pension reforms antagonized this sector against Lula and translated to the rise of two radical leftist centrals who were represented within this sector and played an essential role in maintaining combativeness among public sector employees. As Boito, Galvão, and Marcelino (2015) observed, the large centrals initiated very few strikes. The other factor that explains the change is the rising participation and organization among civil servants (Boito and Marcelino 2013, 69-70). Within the private sector, the workers in the automotive industry as well as workers in the construction and services sectors workers were

the protagonists of working-class mobilization (Boito and Marcelino 2013, 69; Nowak 2019). At times, the grassroots unionists and non-unionized workers went against their leadership and called for strikes whenever their demands were not met (Riethof 2018, 204). With the expansion of the construction sector under the PT, the construction workers raised demands about the "quality of food, adverse housing and transportation conditions, low wages, lack of medical assistance, and a low frequency of holiday leave" (Nowak 2019, 213).

The landless peasants' mobilization would pass through two different phases of activism under Lula. Initially, a more friendly and enabling political context led to an upsurge in peasant mobilization, especially under his first mandate. The MST tried to apply pressure from below to push for the 2003 land reforms. It was met, however, by the landowners' violence, as previously discussed. Under Lula's first mandate, the most significant increases in land occupation were in the South and the Northeast (Ondetti 2008, 209-211). Besides the occupations, the movement organized a large number of protests, more than 200 yearly, between 2003 and 2005 (Ibid). As aware that the alternatives to Lula would be far worse for the MST, the MST leadership made sure that the protests were not aimed at Lula but at his economic policies (Ibid, 213). As of 2008, the MST entered a period of retrenchment "characterized by the diminished capacity to influence state policies through public activism" (Carter 2015, 421). The number of land occupations was therefore halved, and the number of occupying families decreased by 65% (Ibid). As was the case for the working class, the effects of Lula's social policies – namely the BF, LPT, and minimum wage policies – were deeply felt by poor peasants, which in turn "diminished the pool of recruits available for the MST" (Carter 2015, 421). However, it is worth noting that between 2008 and 2012, the MST remained responsible for "2,712 protest actions across Brazil, 56% of all such events. During this time, it mobilized three-fourths of all the people involved in land occupations throughout Brazil, that is, close to 100,000 families" (Ibid, 422).

8.3 The Limits of Neo-Developmentalism and the End of PT Rule: Dilma Rousseff (2011-2016)

In this section, I argue that though 50 years apart, the crisis that faced Dilma Rousseff is a reminder of the crisis that faced Goulart in 1964. Rousseff, like Goulart, was viewed with skepticism by the neoliberal elites. She was not only the first woman president who broke the tradition of a male-dominated arena, but she was also a former radical Marxist guerilla fighter

who was imprisoned and tortured by the military regime. Like Goulart, she was in danger of being deemed too much of a leftist by her neoliberal counterparts when she pursued policies under her first mandate that challenged the interest of the powerful financial sector.

8.3.1 The Political Economy of Dilma Rousseff (2011-2016)

Rousseff's term followed the economic boom experienced under Lula. In 2010 alone, the economy grew by 7.5% (Annex). Rousseff also inherited a domestic and international context that made it harder to sustain the high levels of growth that were necessary to maintain the PT's redistributive policies. At the domestic level, she had to deal with the implications of the *Mensalão* scandal and growing debt. Even though she kept Lula's core team, some ministers who were involved in the scandal were forced to resign.

Following the 2008 financial crisis, Rousseff was aware of the necessity of diversifying the economy, curbing Brazil's dependence on external markets, and revitalizing local markets (Filho and Morais 2018). In line with this objective, Rousseff was hoping to contain financial capital and shift investments away from financial speculation to the productive and developmental sectors, hence her bold move to confront the banking sector (Singer 2015, 43). During her first term, this policy translated to replacing the neoliberal Central Bank president with a new president who, along with the Minister of Finance, initiated a policy to lower the interest rate from 12.5% in 2011 to 7.25% in 2013 and to devaluate the currency.[136] "The monetary policy shift aimed to reduce the inflow of speculative foreign capital, devaluate the currency and lower the cost of credit, in order to promote private investment and consumption instead of rewarding speculation" (Filho and Morais 2018, 108).

These macroeconomic shifts were accompanied by policies that expanded credit to local investors and expanded the state's involvement in mega-projects to facilitate capital investments. To stimulate local investments, she launched the "Brazil Maior" (Greater Brazil) program, which reduced the IPI (Imposto Sobre Produtos, Tax on Industrialized Products) on capital goods (Singer 2015, 48). It also extended 600 billion R$ to the industrial sector in 2015 through the BNDES. The increase is considerable compared to the second Lula administration, where subsidized credit did not exceed 100 billion R$ (Ibid). The president also oversaw the implementation of mega-projects that antagonized her leftist critics due to their environmental and social impacts. The largest project in Belo Monte involved the

[136] See the SELIC rate on the Central Bank of Brazil: https://www.bcb.gov.br/Pec/Copom/Ingl/taxaSelic-i.asp

construction of a hydroelectric dam, the world's third-largest dam, with 22.5 R$ billion financing from the BNDES. The project transferred 80% of the river's flow, devastating the rainforest and displacing 40,000 indigenous people.

The president who was elected by Lula's social base (i.e., the poor with the support of large capital) "had always been a technocrat who had never been elected to political office based on her political base" (Filho 2013, 663). Consequently, she did not enjoy the same popularity or possess the same political skills as Lula had, which had made governance possible. While running on a slate with a member of the PMDB as her VP, she showed no openness to her party members or her political allies (Pinto et al. 2015). For example, amid worsening economic conditions, Rousseff projected herself as the "autonomous" bureaucrat capable of managing state affairs independent of class interests. Pertaining specifically to the neo-developmental centrals, she maintained a distant relationship with the union movement. As a result, the

> "close crossover between the political leadership and the unions and the countless—often informal—contacts during Lula's period in office have since been replaced by what the government side would like to see as "businesslike" handling of the unions. Since the election of Rousseff, there have been fewer direct ties with government offices. The unions have also been confronted with a government that gives preferential treatment to dialogue with the employers and a number of their demands—such as lower non-wage labor costs and tax breaks" (Melleiro and J. Steinhilber 2016, 222).

Rousseff's attack on the banking sector and her unwillingness to dialogue, combined with declining demands on Brazilian exports, growing debt, and capital's passivity toward invest in the economy, exacerbated the economic situation. While she inherited from Lula a GDP annual growth of 7%, theis percentage would decline to 1.9% in 2012, and 3% in 2013 (Annex). Moreover, the percentage of debt from GDP jumped from 61.24% in 2011 to 73.71% in 2015. Inflation started to rise slowly after being successfully controlled for over two decades (Annex), and economic deceleration lowered the value of foreign investments to 54,744 million USD in 2013 after reaching a high of 85,090 million USD in 2011.[137]

The president pursued policies to revitalize the local market, and to boost local demand. She lowered the electricity tariff by 20%, which triggered anxiety among capital that she was veering to the left (Filho and Morais 2018, 111). While lowering interest rates and

[137] See CEPAL: http://estadisticas.cepal.org/cepalstat/Perfil_Nacional_Economico.html?pais=BRA&idioma=english (Accessed April 2018)

hence the margin of profit for financial capital, Rousseff maintained social spending on the Bolsa Familía;formalized and regulated the wage increase by adopting a minimum wage law (Law 12.382/2011), which gave her the capacity to determine the national minimum wage between 2012 and 2015; and oversaw the passage of PEC 72 2013/15. PEC 72, which awarded one of Brazil's largest and most vulnerable groups, women working as domestic workers, their fundamental right to a minimum wage and decent work conditions. It also imposed fines on their employers if they did not abide by the law (Careira 2016).

Besides antagonizing the bourgeoisie, her policies squeezed the middle class and improved conditions for the informal sector. PEC 72 antagonized vast sectors of Brazil's middle class who hired domestic workers but were committed to cutting costs and continued slavery practices at home (Ibid; Interview with Intersindical 4). PEC 72 stepped into this previously unregulated sphere and deprived the middle class of its capacity to pursue such practices.

Moreover, Brazil's middle class was provoked by its declining capacity to consume, and its growing proximity to the working class. As Filho and Morais have explained, the middle class was

> "squeezed by the exhaustion of ISI and the subsequent economic slowdown, the retreat of traditional occupations with the neoliberal transition, the low-wage intensity of the recovery in the mid-2000s, and the downturn since 2011. So-called 'good jobs' in the private and public sectors have become scarce, higher education no longer guarantees sufficient income or status, and the young find it hard to do better economically than their parents. For example, 4.3 million jobs paying more than five times the minimum wage were lost in the 2000s, in contrast with the net creation of 950,000 such jobs in the 1990s" (Filho and Morais 2018, 134)

As the middle class experienced this slashing of its consumption patterns, it also witnessed the upward social mobility of the working class under PT rule that I have previously discussed. As a consequence of the PT's redistributive policies, and the valorization of the minimum wage, the formal working class shared spaces that were previously considered "exclusive domains" of the middle class, such as shopping malls and airports (Interview with CUT 1).

As a result, toward the end of Dilma's first term, protests rocked Brazil's streets. Initially, it was a divided radical left, which organized to lower the transportation tariffs under the Movimento Passe Livre (Free Pass Movement [MPL]) in June 2013. The MPL was "an autonomist non-party organization founded in the early 2000s that led a demonstration […]

demanding the reversal of a recent increase from R$3 to R$3.20 in public transport fares in the city of São Paulo" (Filho 2013, 658). As the movement coincided with the 2014 World Cup preparations, it started to grow, mobilizing citizens' discontent initially against "government spending on the World Cup, while simultaneously decrying stadium construction working conditions" (Riethof 2018, 200). Later, as the protests widened, they started to gather a very diverse set of demands and soon morphed into an anti-PT movement, with slogans calling for the impeachment of Rousseff and decrying corruption. Amid rising police repression, the protests captured media attention (Filho 2013, 659). The media seized the opportunity to fuel public discontent and to thereby encourage more people to participate in the anti-PT demonstrations. As the protests grew, they "tended to be disproportionately white and middle-class in composition" (Ibid) and focused solely on anti-PT slogans. Hence, in the vacuum of strong left organizing, the right-wing discourse and agenda settled and seized the opportunity to delegitimize the PT. The aforementioned protests soon died out, largely because they remained leaderless, suffered from the absence of a sustained form of organization, and were limited in their geographical reach, taking place mostly in São Paulo (Filho 2013, 664).

The working-class mobilization that preceded the aforementioned middle-class mobilization increased astronomically in the years between 2011 and 2013. In 2013 alone, there were 2,050 strikes compared to 877 in 2012 (Annex). It is worth noting that the neo-developmental alliance of unionists was not responsible for the organization of this strike action; rather, what happened was a profusion of workplace strikes as a response to the deceleration of the economy and rising unemployment. CUT and FS initially organized collective action with the FIESP to support an agenda that encouraged the protection of industries, the revitalization of the productive sectors, lowering financial speculation, and protesting the high interest rates that were undermining productive investments (Boito, Galvao and Marcelino 2015). As the centrals were antagonized by the president's failure to dialogue with the unions, they called for mobilization in 2013 to enforce the implementation of their Labor Agenda. However, their demands were shelved with the advent of the 2014 presidential election, amid a growing political and economic crisis (Melleiro and J. Steinhilber 2016, 222).

During the economic recession, the centrals could no longer contain workplace mobilization. Workplace strikes "were triggered by rank and file and were accompanied by large scale rioting and destruction" (Nowak 2019, 193; See also Riethof 2018, 205). The most important form of working-class mobilization took shape among construction workers in the

North and the Northeast and was aimed at the PAC sites and the World Cup stadium constructions (Ibid). In 2011 and 2012, 310,000 construction workers went on strike in Fortaleza, protesting working conditions (Riethof 2018, 205). Aside from these strikes in the construction sector, the overall decline in investments exacerbated conditions for workers and unemployment was again on the rise, reaching 8% in 2013. These conditions pushed workers to the defensive once again (Annex). The list of their demands revolved around salary readjustments (730 strikes, 35.96%), food indemnities (553 strikes, 26.9%), and the betterment of work conditions (431 strikes, 20.9%) (Annex).

It is against this background that Rousseff ran for her second term. Rousseff ran on a platform of redistributive policies for the working class, but as soon as she assumed power, she turned to the right. Neoliberalism under a leftist government entered with vigor. On the one hand, she backed away from her confrontational approach and instead appealed to the financial sector. In line with this new policy, she chose her Minister of Finance from among the biggest proponents of neoliberalism. The minister, Joaquim Levy, was the CEO of Bradesco, Brazil's largest financial institution (Singer 2015; Filho and Morais 2018, 155). He promised to raise interest rates, and revitalized the discourse on the expensive and inefficient public sector to justify austerity measures that would reduce public spending on health, education, and housing, followed by pension cuts and unemployment benefits cuts, as well opening up SOEs for privatization (Filho and Morais 2018, 155). Rousseff also appointed Katia Abreu[138] as the Minister of Agriculture (interview with MST). Abreu's appointment was controversial to many, but especially to the MST, as she openly advocated for a series of controversial policies including "congressional control over the demarcation of indigenous reserves, 'efficient monocultures,' and the approval of genetically modified seeds" (Watts 2014; interview with MST). During this time, the neoliberal elites who had long waited to overcome the "rigid" labor standards in Brazil supported the passage of PEC 4330/04, which set the stage for outsourcing in its open forms and in all productive sectors (De Souza et al 2016, 1041).

What is more, Dilma's second term witnessed the adoption of a controversial anti-terror law to comply with the recommendations of the Financial Task Force (FATF) and the UN Security Council for countries to enforce mechanisms that curb the financing of terrorist organizations. Some have argued that the law was futile because Brazil is a signatory to the International Convention for the Suppression of the Financing of Terrorism, which was

[138] On Abreu, see the following: https://www.theguardian.com/world/2014/dec/24/brazil-agriculture-katia-abreu-climate-change

incorporated by Decree no. 5640/2005. Critics have not only leveled their criticism at the vagueness embedded in this law,[139] they have also interpreted the law as a tool aimed at demobilizing public dissent in the wake of the 2013 FPM and the anti-World Cup protests (Interview with Intersindical 4; Interview with Conlutas). In this view, as neoliberalism deepened under Dilma's second term, more people were drawn into mobilization, and policing neoliberalism became a priority in order to contain the anger from the streets and maintain social and political stability (Ibid). In fact, within a day following the adoption of the law, four MST activists were arrested.

However, despite adopting policies to the "right," Rousseff, despite taking up economic policies in her second term contradictory to those in her first, failed to win back capital's confidence. Amid this loss of confidence and another corruption scandal (The Lava Jato)[140] involving Brazil's oil giant *Petrobras*, the Brazilian economy suffered a severe setback. In 2015 and 2016, negative growth rates were recorded (-3.8 and -3.5 respectively). The unemployment rate reached highs of 9% and 12% in 2015 and 2016 respectively, one of its highest records. The right-wing media stepped in to selectively focus on PT corruption, even though most parties have been involved in the scandal. Consequently, the media created an enabling environment for Rousseff's impeachment. As Rousseff lost popular support when people took to the streets, once again raising anti-PT slogans and demanding her impeachment, she faced an orchestrated parliamentary, media and judiciary campaign aimed at removing her from office. Rousseff's "crime" was that she committed "pedalo fiscal" (fiscal peddling): borrowing money from state-owned banks, without congressional approval, to continue financing the social programs (BF and MCMV) that benefited the PT's base of support.

8.3.2 Mass Mobilization and the Impeachment Process

In this section, I argue that a number of factors led to a situation wherein the anti-impeachment working class mobilization remained weak and fragemented and hence could not mount a challenge to the elitist attack on the democratic process. First, I argue that the rising number of strikes along with deteriorating economic conditions as the austerity measures entered into effect necessitated mass strikes that the CUT could not pursue, as they would have risked delegitimizing the PT government. Second, the neo-developmental strategy of negotiation and conciliation, and hence moderation, had run its course as austerity

[139] See Human Rights Watch Response: https://www.hrw.org/sites/default/files/news_attachments/hrw_letter_to_president_dilma.pdf (Accessed April 18, 2018).

[140] « The scandal was one that enmeshed together with the construction companies with the oil giant. The former bribed Petrobras executive to secure a monopoly of oil-related contracts" (See Filho and Morais 2018, 152).

measures entered into effect. Third, the pact of large centrals disintegrated under Rousseff, which led to the withdrawal of support from the large centrals for Rousseff's government. Finally, I argue that the divisions within left unionism played an important role in dividing the left union centrals' position over the issue of defending the democratic process and impeding impeachment.

To start with, CUT, the principal actor that had played an instrumental role in Brazilian struggles for democracy, faced a severe crisis under Rousseff. The marriage between the CUT and the PT did not shield CUT from severe scrutiny by those who opposed PT policies. Even though CUT did not order its unions to participate officially in the FPM, fearing that such protests could delegitimize PT rule (Fernandes 2017), some CUT militants who took part in the FPM protests were aggressed by FPM protestors.[141] Furthermore, as I have argued, the working class mobilized against Rousseff's economic policies but was met with CUT's passivity with respect to calling for a national strike against austerity measures, the way they had done in military and post-military Brazil. In fact, as workers were thrown on the defensive beginning in 2013, CUT was organizing demonstrations to support Petrobras in the wake of the Lava Jato scandal (Riethof 2018, 203). This CUT move came under scrutiny from the Corrente Sindical Classista within CUT, which urged CUT to resist austerity through mass mobilization, arguing that such policies cannot be reversed through negotiation and mediation, an option that the CUT had pursued so long under the PT (Ibid).

Amid the worsening economic condition, it was much more difficult for CUT to convince the formal working class to link their workplace struggles to anti-impeachment mobilization. As some of my interviewees explained,

> "Under the economic recession, you (Rousseff) had to cut social spending to keep debt interest payment. There has also been a distancing between the government and its social base with the worsening economic conditions. So the government did not solve the problems of the poor, and the poor did not defend the government" (Interview with Intersindical 3).

According to such voices, Rousseff had also committed a mistake by alienating the working class when "she reduced security at the workplace and launched the tercerization talk in a desperate move to win back capital's confidence" (Ibid).

The distancing between CUT and the working class described above had their

[141] See for example, "The CUT militants were aggressed and expelled in a protest in Rio de Janeiro: https://noticias.uol.com.br/cotidiano/ultimas-noticias/2013/06/20/militantes-da-cut-sao-agredidos-e-expulsos-de-protesto-no-rio-de-janeiro.htm

profound effects on the anti-impeachment mobilization. CUT opposed the impeachment and had taken part in the Brazilian Popular Front, a coalition of more than 60 organizations including social movements and union centrals, that set for themselves the task of defending the democratic process,[142] and People Without Fear, another coalition of social movements, leftist parties, and union centrals that also gathered strength to protest the impeachment process (Krein and Dias 2016, 13).[143] The largest demonstration took place in São Paulo in August 2016, gathering more than a hundred thousand protesters. Soon after the protests, which managed to bring together diverse union centrals and social movements, including the Intersindical, MST, MTST, and CUT, the movement started to die out slowly. The protests calling on Michel Temer, Rousseff's VP and successor, to leave and demanding direct elections, did not paralyze the country, the way they had three decades earlier. When Temer opened fire on the labor law, committing to labor market flexibilization and freezing public spending on education and health, the protests that emerged mirrored the divisions within unionism at large. They gathered a small number of people, and took place on one day and ended on the next. This mobilization contrasts to the military and post-military working-class mobilization, wherein economic issues were politicized, which inspired the rise of the democratic movement by demanding direct elections or the enforcement of democratic rights in post-military Brazil.

The Intersindical, the MST, and the MTST, despite their opposition to the PT, viewed the impeachment as a severe setback for democracy. Both the MST and Intersindical have agreed that the impeachment is a regression (Interview with Intersindical 3 and MST). They argued that those who have the most to gain from this coup are the "conservative sectors" (Interview with Intersindical 4). Intersindical also argued that the impeachment paved the way for an attack on the 1988 constitution, which guaranteed a protection of rights and undermined the capacity of neoliberal capitalism to implement their agenda of "a new pension reform, a flexibilization of labor standards and maintaining the same economic policies while selling parts of the public equity such as oil" (Interview with Intersindical 1). During this moment of crisis, Intersindical union leaders and the MST called for unity of action with those who expressed a commitment to standing against this attack on labor rights and Temer's proposed constitutional amendments, which froze all social spending. They argued that "despite all the differences that we have, we have to be united" (Interview with Intersindical 1).

[142] For a list of participating organizations in the Brazilian Popular Front see: http://frentebrasilpopular.org.br/conteudo/compromissos-da-militancia/
[143] For a list on People without Fear: https://pt.org.br/tag/frente-povo-sem-medo/

While the impeachment brought a rapprochement between CUT, Intersindical, the MTST, and the MST, the neo-developmental alliance that had supported Lula and Dilma's first mandate disintegrated. Consequently, the two largest union centrals after CUT, the FS and the UGT, played a divisive role in the impeachment process. UGT did not take any clear stance, with the reasoning that it was a plural union central home to diverse ideological views with some supporting and others opposing the impeachment. Despite the suggestion that members of the UGT might support the anti-impeachment protests, this support was not forthcoming. For instance, the UGT was absent when CUT, the MST, and the MTST called for mobilization against the Temer government in August 2016.

Furthermore, while furing the 2010 elections all significant centrals supported Dilma's candidacy, the FS withdrew its support in the 2014 elections. The FS supported the PT until 2013 when the FS president, Paulinho, created a new party, "Solidarity." Solidarity supported the neoliberal PSDB candidate in the 2014 elections and had also supported the impeachment process (Galvão 2016, interview with DIEESE Sociologist). FS had an eye on filling up the space that was occupied by CUT unionists under the PT (interview with DIEESE sociologist). They justified their support for Rousseff's impeachment, reiterating that "she could not govern, closed the doors for dialogue and did not hold a majority in the legislature" (interview with FS1). FS also accused the PT of corruption, but absolved Temer, who had been equally involved in the corruption scandals, and they went as far as to praise Temer for "his capacity to govern" (Ibid).

Finally, the divisions that had made their way into left unionism under Lula became more pronounced under Dilma. There was no unanimity among the leftist union centrals to defend the democratic process. The Conlutas in particular did not see any advantage in preempting the impeachment, because the PT openly bargained with financiers and neoliberal capitalism (Interview with Conlutas) and had passed the anti-terrorism law used against social movements' activists under Rousseff (Ibid). In fact, CSP-Conlutas was active in mobilizing for both the anti-World Cup protests and the FPM. They had also been antagonized by CUT's ordering its base not to join the 2013 FPM protests (Fernandez 2017). Conlutas, therefore, refused to come together with CUT, Intersindical, the MST, and the MTST on an agreed-upon day of mobilization calling on Temer to leave (Interview with Intersindical 1). While aware of their controversial stance, Conlutas blamed the divisions between them and the other centrals on FS, who refused to unify the ranks of the union centrals. One of my interviewees from Intersindical recalls, "we agreed on a day of action on November 11, 2016, which could consolidate and strengthen the labor movement. However, Conlutas and FS opted to mobilize

on November 25 and divided the movement" (Interview with Intersindical 1).

8.4 Conclusion

I have argued in this chapter that the rise of the PT to power was synonymous with deepening democratic practices on various levels. Firstly, the PT, especially under Lula, refrained from criminalizing social and labor movements, a move that had long been resisted by the political and economic elites. Secondly, the PT expanded the parameters of political inclusion and appointed labor and social movement activists to the bureaucratic apparatus, a strategy that drew the state apparatus closer to the average citizen, and that allowed the PT to govern in the fragmented context of Brazil. Thirdly, the PT deepened the meaning of democracy by expanding the parameters of political participation and opening the higher level of the state apparatus to negotiation and dialogue with civil society. Fourthly, as a result of the abovementioned factors, the PT had implemented social policies that expanded welfare beyond the formal working class to target also the informal sector, women, Afro-Brazilians, and the LGBT community.

I have also argued that participatory mechanisms and socio-economic and political inclusion were maintained for as long as the class reconciliation approach underlying neo-developmentalism maintained social and political stability. This class reconciliation was achieved under extraordinary domestic and international conditions. Once these conditions changed, Brazil faced a backlash against the democratic process and was set off on a neoliberal track.

At the domestic level, political stability relied on factors tied to the domestic market and informal institutions. Even though Lula pursued income redistribution and incentivized domestic consumption, this economic model reached its limits under Rousseff. As some of my interviewees argued, you “can produce commodities, then there is a limit on how many cars and fridges and stoves you can buy for your home” (Interview with Brigadas Populares; CUT/Former Metallurgic Unionist; USP Sociologist). As a result, the class-reconciliation approach maintained stability only through a commodity boom that guaranteed growth and economic redistribution. When domestic demand for consumer durables declined, the economic model reached its limits. Another important domestic factor that helped maintain political stability in Lula’s Brazil was Lula’s capacity to dialogue and his commitment to purusing participatory mechanisms to involve social actors in policymaking. Lula’s personality appeased the majority of Brazilians as well as the elites. Interviewees agreed that

Lula listened to and negotiated with both unions and capital. This image is contrasted with that of Rousseff, who projected herself as an autonomous bureaucrat independent of class interests and closed the doors to dialogue. Moreover, Rousseff did not share Lula's approach and long experience with the PT, which had focused on participatory mechanisms to deepen democracy. Rousseff also antagonized civil society actors when she pursued the implementation of anti-terror law, which was seen by the social movement activists as an attempt to criminalize social protests. Consequently, Rousseff lost credibility with both her allies and capital.

On a symbolic level, Lula challenged the white, privileged control of the state apparatus. The unionist hailing from Brazil's most impoverished region who became Brazil's most popular man triggered elite anxieties. These anxieties were confirmed in the lead-up to the 2018 presidential elections and have invited the fabrication of accusations against Lula, giving him a lengthy prison sentence and barring him from running for office. Moreover, Lula had managed to keep the neoliberal elites in check and allied with the domestic bourgeoisie who had been equally marginalized under Cardoso's model (Filho and Boito 2016).

At the international level, the model replaced Brazil's dependency on the industrial west with a dependency on the Chinese market, but the terms of trade privileged the exporting sector, a condition governed by the structural transformations in the global economy. The valorization of Brazilian exports and increased Chinese demand determined the high levels of growth. While the model overcame the dependency on western countries, it did not shield Brazil from exogenous shocks.

As these conditions changed, the social pact disintegrated, leading the elites to monopolize political power. Under the PT, socio-economic and political inclusion produced immediate gains for the poor and working class, but the imperative of neo-developmentalism maintained the privileges of Brazil's capital. Under a neo-developmental model, the PT depended on capital's investements and financing and could not trigger their anxiety. As they allied with capital and because they did not control the majority in Congress, the PT could not address important structural reforms such as the land, tax, and political reforms that promised to tip the balance of class power in favor of the subordinate classes (Interview with Intersindical 1,2,3,4; CUT1).

At the same time, when the domestic and international conditions changed, elite interests collided with the PT's participatory and inclusionary policies aimed at the social classes and groups that are deemed by neoliberals as the most serious impediment to deepening neoliberalism. Although the neoliberal elites would benefit from high interest rates

and the absence of structural reforms under the PT, they could not pursue their preferred agenda as long as the state remained open to the subordinate classes. The elites were alarmed by the fact that despite the economic recession under Rousseff, the minimum wage continued to increase. A continued valorization of the minimum is indeed a historical precedent for Brazil: the poor have had to bear the brunt of the economic recession. Hence, the neoliberal elites'resolute steps to appropriate politics while excluding the PT's social base and those who benefited from the PT's policies in order to attack the progressive 1988 constitution and to pursue aggressive labor market deregulation, privatization of strategic sectors, and the criminalization of the social and labor movements (Interview with Intersindical 1 and 2; Filho and Morais 2018).

For the poor and the working class, the "PT governments were governments with social consciousness" (Interview with Intersindical 2). Social and economic redistribution mechanisms and the impressive upward class mobility along with the rise of the PT to power "changed the face of the state" (Filho and Boito 2016, 245). However, the 2015/2016 crisis showed that on the one hand the elite could still solicit the support of the media, the judiciary, and the Congress to tip the balance of class power in their favor (Interview with Former Scania Militant), and on the other that the classes that benefited from the PT's participatory and inclusionary policies could not rise to defend the party against the coup (Interview with Intersindical 1).

The argument presented here embeds this puzzle in the changing roles that social and labor movements assumed under the PT rule. I have argued that the large labor centrals and significant social movements voluntarily relinquished combativeness and pursued negotiation with the state and capital. This strategy was the outcome of both the effects of the inclusionary and participatory mechanisms erected under Lula and the voluntary decision by these movements to avoid disruptive action in order to shield the PT from a coup. At the grassroots level, peasants and workers had also moderated their stances as they reaped the benefits of socio-economic redistribution under Lula's administration. However, this moderation option ran its course under Rousseff for two main reasons. Firstly, amid the economic recession, workers regained combativeness but were met with continued insistence by the large centrals of the necessity to pursue negotiation instead. Secondly, as the political and economic elites aggressively attacked the democratic process, there was a need for the labor and social movements to relinquish moderation in favor of combativeness.

Chapter 9: Conclusion

9.1 Research Focus and Main Findings

This research determined the social classes that played a democratizing role in Brazil and Egypt, the reasons why these social classes contested authoritarianism, and the forms of inter-class alliances needed to dismantle it. In the final stage of this research, the dissertation explored whether the balance of class power shifted in favor of the poor and the working class in post-Mubarak Egypt (2011-2016) and post-military Brazil (1985-2016). The research proceeded in three consecutive steps. The first step delved into the political economy of populist and post-populist Brazil (1930-1985) and Egypt (1952-2011) to trace its structural effects on capital and labor, the second step examined the way class struggles delegitimized authoritarianism under military Brazil (1964-1985) and Mubarak's Egypt (1981-2011), and the last phase attended to the roles that the dispossessed social classes played in post-Mubarak Egypt (2011-2016) and post-military Brazil (1985-2016).

The main findings of this research are as follows. Firstly, the poor and the working class are the leading protagonists of social and political change. Their struggles mount a challenge to authoritarian capitalism. Secondly, the two cases inform us that as neoliberalism is deepening globally, there is a need for redefining who constitutes the dispossessed and the disenfranchised classes. There is also a need for the working class to broaden its alliances to include all of those social classes that bare the brunt of neoliberal reforms, including the urban poor, the peasants, and a downwardly mobile middle class. Although Brazil under military rule did not prescribe to a neoliberal accumulation regime, the broad inter-class alliance led by the working class in Brazil is what is needed today to counter neoliberal authoritarianism. Thirdly, the ability of the poor and the working class to politicize their demands in alternative parties, unions, and social movements and to sustain struggles for the expansion of democratic citizenship is context-dependent. What played to the advantage of the Brazilian working class was the fact that the pact between the military and the business community disintegrated in the favor of the working class and that the military in Brazil intended to leave power leaving time and space for workers to hone their political skills. Another enabling factor for the success of inter-class alliances was the catalyst role pursued by some fractions of the church influenced by liberation theology. In contrast, in Egypt, the transition was rushed and neither Mubarak nor the Egyptian military were committed to pursuing a transition to civilian rule. Fourthly, in Egypt, the creation of the anti-corporatist

federation happened quickly, which was not reflective of the militancy at the shop-floor level. The weakness of the anti-corporatist federation and the divisions among its leadership paved the way for the military to coopt its leadership, which in turn undermined the capacity of the post-Mubarak labor movement to insert workers as bargaining partners in post-Mubarak Egypt. In contrast, the Brazilian anti-corporatist federation was representative of the new unions and the militancy at the shop-floor level. These unions were tied to their base, they were shielded from elite cooptation and the anti-corporatist federation remained representative of the broad sectors of the economy. Finally, this research drew lessons from the two cases on prospects for shifting the balance of class power in favor of the poor and the working-class in post-Mubarak and post-military Brazil. The research showed that in Egypt, neoliberalism was maintained and deepened, but this time under a much more brutal and more repressive military regime compared to Mubarak's police state. The military's counter-revolution supported by Gulf capital and international actors, became a necessary prerequisite to end the mass mobilization in post-Mubarak Egypt that impeded the deepening of neoliberal reforms. The picture in post-military Brazil is more complicated. The period (1985-2002) is marked by the expansion of civil and political rights, but neoliberalism enters into effect since the early 1990s. In this regard, it is a period marked by shifting the balance of class power in favor of the neoliberal elites. The PT mandate (2003-2016) is marked by income redistribution, which lifts millions out of poverty and an expansion of the political arena, drawing it closer to workers, peasants, urban reform activists, women, Afro-Brazilians, and the LGBT community. However, the deepening of democracy did not shift the balance of class power in favor of the poor and the working class. The PT had inherited structural factors from the previous phase that constrained its ability to move beyond an economy that attended to the needs of local capital and the neoliberal financial capital, combined with a fragmented party system that imposed challenges for the PT to pursue radical reforms. Shifting the balance of class power is, therefore, one of the hardest tasks to achieve and it invites much more than social and economic redistribution and expanded political inclusion and participation. It also necessitates implementing alternative economic models that were impossible to achieve in Brazil, given the political and economic strength of its bourgeoisie.

In the Introduction and Chapter One of this dissertation, I have drawn attention to the fact that cross-regional approaches allow us to reflect on how the scholarship on Latin America helps explain the phenomenon emerging in the Arab world, which has experienced a challenge to decades of authoritarianism since December 2010. The reverse is also true as the two countries are converging towards a far-right new populist regime under the auspices of

men drawing from the ranks of the military and pursuing aggressive neoliberal reforms. Bunce's (2003) proposition, which stipulated that pursuing a cross-regional analysis would help us reflect on new factors and new issues that single cases or research focused on does not help us uncover inspired this research. The following discussion invokes the main findings of this research and highlights the main themes to address how the two cases inform each other and the theoretical framework adopted in this dissertation.

9.2 The Political Economy of Populist and Post-Populist Brazil (1930-1985) and Egypt (1952-2011)

9.2.1 Capitalist Development and its Structural Effects

The theoretical perspectives on the transition from an agro-export economy to ISI and the limits of ISI (O'Donnell 1978; 1979; Wallerstein 1980) in Brazil shined light in particular on how late capitalism shapes regime types, the pacts of domination that underlie these regimes and the state functions that are needed to appease the social classes included in these pacts. Applied to the two cases, the populist regime in Egypt under Nasser (1952-1970) like the populist regime under Vargas and his successors (1930-1964) served to weaken large landowners by expanding local industries and incentivizing local production. The difference between Egypt and Brazil under ISI was that the pact that sustained Nasser's populism excluded large landowners and the local bourgeoisie and was biased towards the working class and the peasants. Whereas populism in Brazil (1930-1964) was sustained by a pact that brought together the industrial working class and local capital both of which benefited from industrialization under the auspices of a populist regime. That Nasser antagonized capital and pursued anti-imperial policies, made it much harder for Egypt to deepen industrialization. What the Egyptian case adds to the reading of late capitalist development is that the transition to ISI did not only serve purely economic ends. In Egypt, it was tied to Nasser's anti-imperial discourse and pan-Arabism that sought to curb the influence of large landowners and imperial powers. Hence a transition away from ISI or the limits of ISI as described in the literature from Latin America, cannot be isolated from imperialism in the case of the Arab world (Hanieh 2013).

As the early stage of ISI ran its course in Egypt, there was an expansion of the industrial working-class and an expansion of a middle-class absorbed by a large bureaucratic apparatus that had stepped in to oversee the transition to ISI amid capital's retreat. In Brazil, the two social classes expanded although the state did not step in the same way the Egyptian

state did to pursue industrialization but rather to facilitate its implementation initially in alliance with local capital and later on with foreign capital. The implications of these transformations in Egypt were such that the public sector would come under attack by local actors and the international financial institutions all under the banner of dealing with state inefficiency and letting the market rule.

Hence, and when ISI reached its limits, the two countries embarked on different economic models with dire implications on structural arrangements. In the post-populist phase, Brazil's industrialization deepened under the auspices of a BA military regime, closing the channels for political representation for "private interests" and wedding it to a security state disciplining and taming the working class through coercive means. The military between 1964 and 1985 played the most critical role in political and economic life. However, the Brazilian military was less expansive than its Egyptian counterpart. It pursued local austerity measures that laid the burden of stabilization policies on the working class in order to attract foreign capital and foreign investors. The deepening of industrialization therefore invited the internationalization and the financialization of the economy. Under military Brazil, the workers were excluded from social and political life, and the pact erected was one that brought the military bureaucracy, and the civilian technocrats, with international capital to oversee the deepening of industrialization. At the same time, local capital was, a junior partner, and the relationship between the military and local capital remained tense, a theme discussed in greater details in the following section.

The structural effects of the military's developmental model laid the burden on the poor and the working class. Wages depreciated as inflation reached astronomical levels, and as the country experienced its worst debt crisis, the living conditions for the majority of Brazilians deteriorated. Under military Brazil, the expansion of the car industry especially in Greater São Paulo with a large concentration of exploited and repressed working class soon became aware of the military regime's manipulation of inflation indices to keep their wages low, became the hotbed of militancy. In Brazil, the contradictions of capitalist development and in particular the contradictions of accumulation in the production process expounded by the traditional left including RSS (1992) were clearly present. However, as the economic conditions deteriorate, the circle of contention to the military regime widened. Landless peasants rose against the large concentration of land, the urban subalterns against state neglect and their inability to reproduce themselves under a deep economic crisis and a downwardly middle class had bore the brunt of wage depreciation. Under this severe economic crisis, the

working-class led the struggles and drew to its circle the social classes affected by the military policies.

In Egypt, the move away from industrialization was much more aggressive. I had shown that in Egypt, there was no consensus around the necessity of maintaining state-led industrialization, which was also the flipside of Nasser's anti-imperial policies. Neoliberalism, accompanied by foreign policy realignment with the USA, entered into effect in 1991. Egypt liberalized its trade, and under Mubarak, it embarked on policies of aggressive privatization, opening up essential sectors to private ventures. At the same time, it pursued policies of changing the geographies of production, labor market deregulation, introducing temporary and contractual work, and pursuing massive layoffs. The policies of de-industrialization had left many unemployed. As the state acted was the principal employer, it started to close the doors for fresh university graduates while slashing the salaries for civil servants. In Egypt, in 2007, the number of unemployed youth was 24.8%, and the numbers continued to grow, reaching 31.5% in 2015.[144] By the 2017 estimates, and in a continuation of a trend that was growing under Mubarak, the percentage of those who held university degrees or graduate education (Master's and PhDs) and were unemployed constituted 31.4% of the total number of the unemployed in Egypt, compared to 43.98% of the unemployed who had reached intermediate or technical education (CAPMAS 2019). While the unemployed youth and the unemployed workers shared their dispossession from the right to work under neoliberalism, they were not technically drawn from the same social class, which also necessitated forging much stronger ties between the downwardly mobile middle class and the formal working class.

Hence, in Egypt and Brazil the contradictions of capitalism under authoritarianism were present but were quiet different. In Brazil, the acute economic crisis accompanied with high levels of debt and astronomical levels of inflation in the last years of the military regime accompanied by the exploitation of the labor power would precipitate the deligitimization of military rule. The contradictions of a debt driven capitalist development, would unite social classes that would have not been otherwise united and bring them closer to the demands and the struggles raised by the industrial working-class. In Egypt, and by the end of Mubarak's rule, the country was not facing the same economic crisis the way Brazil did. What happened in Egypt was that the neoliberal economy had created dispossessions over time slowly driving the conditions of the poor, the working class and a state-dependent middle class in a race to

[144] See for example the Index Mundi estimates on Youth Unemployment: https://www.indexmundi.com/g/g.aspx?c=eg&v=2229 (Accessed August 15, 2019)

the bottom gradualy to shield Mubarak from mass mobilization. It is throughout time, that Egyptians become aware that Mubarak has been using his position in power for self-enrichement and to appease a state-dependent business community while depriving the majority of Egyptians from their capacity to reproduce themselves. In Egypt, the struggles over wages were important but they were embedded with depriving the average citizens from adequate healthcare, education, pension and the right to work while Mubarak, his family and the closely linked business tycoons enjoyed luxurious styles of living and accumulated wealth through an assault on public property and corrupt deals that sold public assets and ressources at far beneath their actual values.

9.2.2 State Autonomy and the Limits of the Authoritarian Pacts

While agreeing with O'Donnell's general propositions that capitalism shapes regime types (O'Donnell 1978; 1979), this research also borrowed from Migdal the necessity to disaggregate the state. The purpose was to attend to the state fractions that served capital's interests and whether the state developed interests of its own. What this disaggregation tells us in the case of Brazil is that the emergence of the security apparatus tied to the survival of the military regime was a case in which the BA regime served not only the interests of capital per se but also the ideological and material interests of the security apparatus. In the case of Egypt, the disaggregation of the state paved the way for distinguishing between Mubarak's support for a neoliberal state-dependent business community, and the military, which expanded its capitalist economic ventures but whose business interests were not always in line with Mubarak's protégés. In Egypt, the state bourgeoisie became a dominant class in itself and exploited its position in power to accumulate capital and deprive the population of the nation's wealth or control over the means of production (Waterbury 1983).

A better understanding of the role of the state and the interests that state managers developed under authoritarian rule, allowed for an assessment of how the pact maintaining the authoritarian regime disintegrates. The two cases confirm that the most critical divisions within an authoritarian pact are the ones between the business community and the military. The reading of the two cases leads to the conclusion that such divisions can pave the way for subordinate classes to insert themselves as bargaining partners and to democratize authoritarianism when both the military and the business community have vested interests in a transition to civilian rule. A reading of the two cases combined also leads to the conclusion

that the longevity of the transition, shapes prospects for those struggling under authoritarian capitalism to organize alternatively and hence for democratizing authoritarianism.

In 1985, Brazil was a case of a business community that had withdrawn support from the same military regime that it had initially supported, namely because it did not reap the benefits of the financialization and the internationalization of the economy under military rule. As the local businesses withdrew their support from the military-technocratic coalition that governed military Brazil, they narrowed the military regime's base of support. As for the military itself, which had held political power for nearly two decades, it became much more intrusive in political life, controlling the political realm, repressing against all forms of dissent, and leading debt-driven industrialization. The Brazilian military remained smaller than its Egyptian counterpart and less involved in the Brazilian economy in the sense that it did not own the means of production the way the Egyptian military did. The Brazilian military also did not permeate every aspect of the bureaucratic apparatus and the SOEs, the way the Egyptian military did. Furthermore, as the military assumed political power, the military's share of the GDP declined dramatically. Consequently and by the end of military rule, the military, as an institution, did not have any stake in preserving military rule. Instead, they had a higher stake in ensuring that military personnel, especially the security apparatus, could be shielded from calls for public retribution for the crimes that they had committed over the two decades. Furthermore, as the military had been in power and was therefore held responsible for one of the worst economic crises to ever hit Brazil, it lost legitimacy and support amid heightened repression. Faced with an economic crisis as well as a crisis of legitimacy, and combined with the military's aforementioned institutional interests, it sought to step outside of political power.

Egypt is a case of a state-dependent business community and an autonomous and powerful military, a combination that had not been conducive to democratization. Businesses benefited from Mubarak's neoliberal policies. The neoliberal reforms ceded public assets and public land to the politically-connected businesses and supplied them with cheap and unregulated labor power along with free access to natural resources and energy subsidies (Mitchell 2002; Adly 2009; Abdelrahman 2015, 11). This state-dependent business community had higher stakes in entrenching authoritarian rule and in appropriating politics to deepen its control over the economy. Moreover, the Egyptian military had cultivated a vested interest in a regime that protected its autonomous interests. The discussion in Egypt showed that the military benefited from Mubarak's rule, but it also remained autonomous from Mubarak with a defined institutional, foreign policy, and economic agenda. With an eye on

expanding its economic ventures in post-Mubarak Egypt and in ensuring a constant flow of American aid assistance, the military rushed the transition to civilian rule and divided the revolutionary forces, fearing that a more radicalized street would threaten its expansive economic empire. Furthermore, at the moment when the popular sectors delegitimized Mubarak's rule, the military still received widespread support. In Egypt, the military, unlike the internal security apparatus, was not profoundly imbricated in repression. It was also not responsible for economic policymaking under Mubarak, and its economic activities, as well as its transformation from a military supporting the lower-income under Nasser to a military geared to respond to the consumerist needs of the upper classes, was wholly walled off from the average citizen. The combination of these factors gave the generals the upper hand in negotiating a transition that would guarantee their privileged position in post-Mubarak Egypt.

Hence and given that the military in Brazil lost legitimacy and support, it engineered a slow and secure transition which started with political liberalization, and which extended over nearly a decade (1974-1985), before the rise of the first civilian but military-approved civilian president. While overseeing the long transition from military to civilian rule, the military gave the time and the space for the opposition and chief among them the workers to politicize their struggles, hone their political skills and form the PT which later on would act as the most crucial party in opposition (1985-2002) before its rise to power. On the other hand, in Egypt, Mubarak, was not ready to leave power; instead, he prepared for the succession of his son. He was only forced out by the struggles that emerged in the last decade of his rule and during the 18-day revolution. Furthermore and as it had been argued in the previous section, the military in Egypt had no stakes in enabling a transition to civilian rule, one that risks challenging its monopolies over critical sectors of the economy and its foreign policy alignments with the USA. As a result, the transition from Mubarak’s rule to SCAF and later on to the MB rule was rushed, and the political space for the politicization of the struggles of the dispossessed and the disenfranchised was restricted in the case of Egypt.

9.2.3 Challenges to State Corporatism

In this dissertation, I have examined how the authoritarian regimes engineer state and society relations and in particular, the labor relations to tame labor militancy. The focus was on the strategies adopted vis-à-vis union representation, cooptation of union leadership, and the control over strikes, collective bargaining, and funding. Such an approach allowed an understanding of how corporatism under authoritarian capitalism becomes vulnerable when

workers break free from the corporatist structure. In the two cases, the corporatist structure was weakened as it lost membership to arbitrary dismissals, unemployment, etc. The weakening of the corporatist structure was even more acute in the case of Egypt, given that the country had embarked officially on neoliberal restructuring with workers losing their jobs for unemployment and early retirement schemes. The two cases tell us that the most significant challenge for the independent/militant unionists is to break from state strategies of exerting control over union membership. The case of Egypt showed that Egyptian workers were not less militant than their Brazilian counterparts; their main challenge was to redeem the corporatist structure from Mubarak. In the case of Egypt, they had to navigate a context whereby all forms of identity that were not directly affiliated with the ruling party, were immediately criminalized or excluded from the union hierarchy. In this regard, the militant workers operated outside of the formal structure created factory committees and independent unions to represent them. In Brazil, albeit the military ruled with an iron fist and pursued strategies to repress the traditional left and populists from within the union hierarchy there was room for union activists who refused to be co-opted by the military regime to create a new identity, the authenticos. The authenticos conquered the union structure from below, as the military did not exercise tight control. Furthermore, in Brazil, the union representation was not tied to the ruling party, which allowed the union activists to reclaim their space from within and to establish an anti-corporatist structure.

The two cases teach us that working from within the union structure to redeem it and to transform it, as is the case for Brazil, was more successful than working outside the formal structure. The anti-corporatist unionists in Brazil had access to organizational resources, they could redeem the union structure from the military, and they could solicit more support from the base. In Egypt, the workers had no option but to operate outside the state-controlled structure, but this also meant they had less access to resources and more significant challenges in transcending the parochial interests of the factory/workplace levels. Theoretically, the research contributes to the literature on corporatism by showing that the biggest challenge for workers is to overturn the regime monopoly over representation and membership and to create an alternative identity that could appeal to broader sectors of the working-class amid increased fragmentation under neoliberalism.

9.3 Delegitimizing Authoritarianism and the Pressure for Democracy: Class Mobilization, Class Organization and Inter-class Alliances in Brazil (1964-1985) and Egypt (1981-2011)

The comparative historical approach expounded by the RSS approach places emphasis on the contradictions of capitalism and developmental capitalism in particular in the production process. The RSS (1992) approach is inspired by the Marxist tradition, as argued in the Theoretical chapter, which emphasizes the domination and exploitation of labor power leading to emancipatory class struggles primarily by the industrial working-class. This dissertation did not displace this contradiction in the production process; it sought to embed this contradiction in the contradictions of accumulation by dispossession under neoliberalism (Harvey 2007; 2003). Such an approach, which combines the two dialectically intertwined processes of accumulation in the production process and accumulation by dispossession, allows for a better understanding of the emancipatory class struggles under neoliberalism. The dissertation, therefore, contributes to the RSS (1992) approach by viewing the struggles that take place at the workplace and the struggles that take place within the community, as Karl Polanyi argued, as intertwined. The struggles for the betterment of the minimum wage, job stability and workplace conditions are linked to the struggles for a dignified living including the right to housing, education, healthcare, etc.

9.3.1 Class Mobilization and Class Alliances De-legitimizing Authoritarianism

In the two cases, I have examined the struggles under the long authoritarian rule in Egypt (1981-2011) and Brazil (1964-1985). The two cases illustrated that workers were among the main actors who contested authoritarianism. Their struggles over the betterement of the minimum wage placed them in direct confrontation with the security apparatus that sought to maintain the authoritarian structure to serve capital accumulation. As the workers were striking, they were breaking the fear barriers under authoritarianism and exposing the authoritarian regime's pact with the business community. In Brazil, the strikes of the industrial working-class in the late 1970s, learnt and built upon the experiences of working-class struggles of the late 1960s, of the 1970s' guerillas, and of mobilization of the urban peripheries and the countryside mediated by the Church-based organizations. The late 1970s industrial working-class strikes did not exist in a vacuum. Furthermore, in the case of Brazil, workers exposed the manipulation of inflation indices, which kept their wages low but had also dire consequences for the consumption capacity of other social classes. In Egypt, the formal working-class was the one to organize and contest authoritarianism from the very early years of Mubarak's term. With time, they grew more defiant to the Mubarak regime and they

started upgrading their strategies and demands from pleading with the state to challenging the state and Mubarak's pact with the businessmen. As they bare the brunt of privatization deals and industrial closures, they expose these corrupt deals that transcended the walls of the industry to also incorporate for example public lands and public assets.

In the two cases, workers' strikes also delegitimized authoritarianism by inspiring other social classes to take action. In Brazil, workers' struggles followed the rise of the urban subalterns who raised the banner of the costs of living, and challenged state neglect in the urban peripheries at the same time the industrial working-class inspired the landless peasants to confront the large landowners. Workers also inspired the civil servants and the middle class with the latter witnessing to the depreciation of their salaries amid deteriorating economic conditions. In Egypt, the peasants and the urban subalterns would also rise against their dispossessions and the state neglect under Mubarak's rule. As for the civil servants in Egypt, they were inspired by the strikes of the industrial working class but they were also the ones to establish the first independent unions. In the two cases the breadth of this cross-class mobilization signaled the narrowing of the base of support to the regime in power which also became more evident when this mobilization inspired the rise of the *Diretas Já* Campaign (Direct Elections now) in Brazil and the 18 days revolt in 2011 Egypt culminating with the removal of Mubarak.

A reading of the class struggles in the two cases leads to important implications for the practical and theoretical levels. For the RSS (1992) approach, the discussion of how workers could challenge the authoritarian structure had mainly focused on industrial strikes and the way workers coalesce into alternative union and party organizing. The research in the two cases suggests that it is actually the horizontal spread of class struggles from the industry/workplace to other sectors of the economy and to geographical regions that deligitimize the regime. A reading of the two cases combined also suggests that although this horizontal spread was taking place in the two cases at the societal level, in Brazil the working class was aware of the necessity to strategize and a leadership that emerged from these struggles would impose itself as a key bargaining partner to the political and economic elites. In Egypt, the workers remained leaderless and less strategic compared to their Brazilian counterparts. The reasons behind this outcome in Egypt are owed to the nature of the transition as it had been discussed, and the fact that the transition away from Mubarak's regime was rushed which gave no time for workers to internalize the fact that they were political actors.

9.3.2 Alternative Forms of Organizing

Based on the above discussion, the major problem in Egypt was that these horizontal struggles were not met with the levels of organization that matched the militancy at the workplace or in the streets. Independent unions in Egypt were not representative of the working class as a whole. The independent federation was also not representative of the militancy at the workplace or of the different work categories of the Egyptian economy. In Egypt, as is the case for Brazil, the factory committtees or the shopfloor unionism were the most representative forms of organizing of the working class militancy and their demands.

The point of strength in Brazil was that the new unions embraced the militancy at the shop-floor level as a critical principle to challenge the dominant classes. Furthermore, the practice of direct democracy at the shop-floor level was generalized to a plethora of organizations such as neighborhood committees and peasants' organizations, which in turn politicized the struggles of the urban peripheries and the peasants. What played to the advantage of the subordinate classes in military Brazil was the catalyst role played by the organized religious groups in supporting the struggles of the landless peasants and the urban peripheries. Under a strong military regime, the Church-based organizations acted as spaces of shared activism for the working class, the peasants and the urban peripheries and facilitated the ways in which these social classes could view their struggles as politically, historically, and economically connected, a key prerequisite to successful counter-hegemonic organizing. While in Egypt the MB refrained from politicizing the struggles of the poor and the working class along class lines. The MB accommodated neoliberalism and adopted a reformist stance towards the authoritarian structure and it inhibited rather than facilited the creation of shared spaces of activism under Mubarak or even in post-Mubarak Egypt.

While the horizontal spread of class struggles in Egypt delegitimized Mubarak's regime and the military regime in Brazil, the lessons from Brazil were such that this horizontal spread needs to be wedded to active and popular organizing that reflects the concerns of the social classes dispossessed and repressed by authoritarian capitalism. In Brazil, the mass mobilization was met with the creation of such organizing that provided alternatives to the social classes struggling under military rule and politicized their demands. The agenda promoted by the CUT, the PT and the MST included a long list of labor, land, urban and political reforms as well as an alternative economic model. Furthermore, such alternatives and a strong alternative organizing assisted the working class, the peasants, and

the urban poor in negotiating the post-military phase and held the post-military elites who ruled Brazil prior to the rise of the PT accountable at all times.

9.4 The Roles of the Subordinate Classes in Negotiating the Transition and Deepening Democracy in Brazil (1985-2016) and Egypt (2011-2016)

Based on the discussion in the previous step, the two cases differ in the role that the formal working class, assumed in the post-authoritarian phase. I argued that in Egypt, the transition took place under the auspices of a military orchestrating the transition from Mubarak, manipulating the rules of the game, maintaining neoliberal policies, and undermining prospects for moving away from this model. I argued that the analysis of post-Mubarak Egypt had to take into consideration the strategies that the military pursued to that end, and in particular the way it had created divisions between the contending social forces of the 2011 revolution.

Consequently, workers had to operate in a constrained context. The shop-floor militancy and the working-class mobilization that challenged the remnants of the regime were not matched with the support of other social classes. In post-Mubarak Egypt, the middle class was swift to reiterate the military's discourse that striking workers ought to forfeit their strike weapon, and held them responsible for the deceleration of the economy. Aside from the middle class, the urban subalterns and the informal sector were not organized to mount a challenge to neoliberalism. The informal sector, in particular and very early on, continued to bear the brunt of heavy-handed military repression against its economic activities, with street vendors, for example, being forced to military courts. That fragmentation and the absence of inter-class alliances played against the capacity of the struggling social classes to insert themselves as bargaining partners in post-Mubarak Egypt.

Furthermore, the anti-corporatist federation was not representative of significant work categories or the militancy at the shop floor level. The EITUF overrepresented white-collar employees, and the divisions among its leadership weakened the federation and facilitated its cooptation by the military. At the same time, the leaders of the EITUF and the EDLC were entangled in the struggles pitting Nasserites, leftists, and seculars against the MB. As they became embedded in these struggles, this leadership shelved the working-class struggles against the policies that had dispossessed and marginalized them for decades. Furthermore, the independent federations played no role in negotiating state and labor relations under Mursi, and they deliberately impeded prospects for the democratization of state and labor

relations in post-Mursi Egypt when the security apparatus infiltrated their organization and the military successfully co-opted them. At the moment of the 2012 constitution-making, the MB had monopolized working-class representation to suffocate a pro-labor agenda. In 2014, under El Sisi's military rule, the independent unionists who had started the struggle for the recognition of anti-corporatist unions were absorbed by El Sisi's military regime and would contribute to the passage of the 2014 constitution, which derailed their two most important weapons: the rights to organize and mobilize. At the same time, this coopted leadership fought with and silenced the more militant unionists, who were still willing to pursue a combative approach in the pursuit of greater democratization of state and labor relations in post-Mubarak Egypt.

In Brazil, I argued that the divisions between the reformists and the combative leadership were also present in Brazil. In Brazil, unlike in Egypt, these divisions were not inhibiting for the labor movement, which was still able to pursue the defense of labor and democratic rights. CUT, for the first two decades following the transition from military rule, would, therefore, play a significant role in articulating an alternative agenda to that of a coopted union leadership who embraced the idea of reforming rather than transforming corporatism.

In Brazil, the political and economic elites were still committed to implementing an agenda that marginalized the poor and the working class. The elites expanded civil and political rights, but at the same time, they had put in place a neoliberal economic model that ended up benefiting the elites and weakening the capacity of the workers to organize and mobilize. The neoliberal track proposed that the implementation of neoliberal reforms could only provide the solution to the vicious circle of debt and inflation. It laid the burden of the public deficit on the lower classes. Furthermore, the post-military political and economic elites hoped that the working class' capacity to pursue permanent combativeness would be contained through labor market deregulation, forced unemployment, and the privatization of the sectors in which the combative leadership had emerged. However, the elites had only come to this realization when they were faced with the working class' and the peasants' continued combativeness in the first five years of post-military Brazil. I argued that a constant confrontation between the workers and the peasants, showed to the rest of the population that the military was not constrained in its capacity to exert power and to shape the socio-political agenda, and, at the same time, the occurrence of workers' and peasants' confrontations with the repressive apparatus had incurred losses for capital, losses that the business community could no longer afford.

Equally important was that the working class, the peasants, and civil society actors had not ceased to push for a democratic agenda from below. Here, the alternative forms of organizing that emerged under the last years of military rule played an instrumental role in inserting the dispossessed and marginalized classes as key bargaining actors, along with the elites, in the process of constitution-making. Workers, peasants, women's rights activists, and environmentalists had solicited popular support on the streets to push further the expansion of democratic citizenship. It was an unprecedented practice of democratic participation, rooted in the principles of grassroots activism, and popular participation in defense of democratic rights through bargaining and negotiation, while continuously holding the ruling elites accountable. I provided several examples to support this argument, such as the role played by the new unionists in objecting to the economic policies in post-military Brazil that continued to burden the poor and the working class. The old motto of the socialization of the costs of an economic crisis was shattered by impressive workplace strikes but also the occurrence of general strikes, the longest and the largest in Brazilian history.

As the grassroots mobilization in the streets expanded the parameters of democratic citizenship and forced the post-military elites to revisit their strategies vis-à-vis the poor and the working class, the PT played the electoral game, ran for elections, and emerged as the most significant opposition between 1985 and 2002. The PT would deepen the meaning of democracy by holding civilian leaders accountable and putting in place the PT mode of governing. This mode rested on promoting citizens' participation and on an inversion of priorities, favoring now the poor and the working class. The PT initiated participatory budgeting (PB), which guaranteed governability by circumventing the roadblocks of the representative institutions without undermining them (Gómez Bruera 2015, 5). Hence, the PT built on previous experiences of soliciting mass support for its agenda. This time, however, the PT shifted its strategy toward promoting deliberation rather than combativeness, in order to stamp the budget at the local level with citizens' approval (Ibid). The strategy made it possible for the PT to pursue its socioeconomic agenda, and, at the same time, it made it hard for those who opposed the agenda to block it, as these budgets were "already legitimated by sizeable citizen participation" (Ibid). Overtly blocking them or standing against their implementation carried the political risk of losing electoral support.

It was when the PT rose to political power in 2003 that the meaning of democracy deepened, becoming more in line with the definition of democracy used in this dissertation. The PT extended the meaning of democracy beyond its representative form to incorporate participatory mechanisms as a central innovation of the Lula administration. Furthermore, the

expansion of the structure of participation was aimed at promoting inclusionary mechanisms both at the symbolic and practical levels. Ordinary citizens and those who were marginalized by the elites made their ways to decision-making circles and shaped the content of policies geared toward more significant socioeconomic redistribution and representation of the formal working class, Afro-Brazilians, women, the LGBT community, the peasants, and the residents of the urban peripheries. Naturally, like all parties in power, the PT had to ensure governability. Through its social redistributive and participatory mechanisms, it sought to shift problem-solving strategies from persistent combativeness, which had marked military and post-military Brazil, toward negotiation and dialogue. As a result, there was an apparent decline in social mobilization until the last two years preceding Dilma Rousseff's impeachment.

I have argued that even as the PT deepened democracy and expanded the parameters of inclusive and participatory practices, it could nevertheless not tip the balance of class power in favor of the poor and the working class. The PT was constrained in the range of economic policies that it could adopt, and the neoliberal elites made it almost impossible for PT presidents to take Brazil outside the influence of the banking sector, Brazil's largest creditors. Hence, Lula pursued a form of neo-developmentalism that would maintain the significant macroeconomic policies of his neoliberal predecessor to control inflation, but at the same time would promote the most critical redistributive social programs that ranged from cash transfers to the valorization of the minimum wage to the housing programs, free access to health and education, etc. In Brazil, this critical social and economic redistribution was not matched by structural transformations, namely land reforms, tax reforms, and political reforms, that could have assisted the subordinate classes in the process of tipping the balance of class power in their favor. The neo-developmental model, which necessitated an alliance with capital, had set the limits for such structural transformations to take place.

Furthermore, although Lula tried to appease capital for an extended period, capital continued to be tamed under exceptional domestic and foreign policy conditions. This condition of a "tamed capitalist class," in particular the neoliberal capitalist class (represented by the banks, the insurance companies, the agro-exporting sector, the elite-controlled media), did not moderate their stances. The "red lines" that ought not to be crossed or bypassed were unchangeable for the neoliberal community, including keeping a high-interest rate, labor market deregulation, and the privatization of critical sectors of the economy. They were also disturbed with workers and social movements' activists making their way to political power in Brazil, which challenged the historical elite dominance over the political realm.

When Rousseff tried to lower the interest rate, the country experienced a political crisis that would bring about democratic reversals and an attack on the gains achieved under 13 years of PT rule. The elites would appropriate politics once again to implement their preferred economic model and to marginalize and exclude the poor and the working-class from decision-making circles. Throughout this turmoil, I have shown that the militant labor and social movements did not successfully mobilize against the impeachment process. Hence, while they played a significant role in bringing about the democratization of authoritarian rule, negotiating democratic citizenship, and deepening the meaning of democracy, they were unable to preempt the assault on the democratic process. This condition is owed to several factors discussed in this dissertation. I argued that as the labor and social movements joined the neo-developmental alliance, they achieved immediate gains, but they spent less time mobilizing their constituencies. Furthermore, the rise of coup supporters from within the ranks of the social and labor movements impeded prospects for mass mobilization in defense of democracy.

9.5 Broader Implications and Future Research

From a theoretical perspective, this research contributed to the comparative democratization literature in three ways. Firstly, the RSS (1992) approach adopted in this dissertation does not address the contradictions of neoliberal capitalism, and how neoliberalism could shape the struggles of the dispossessed and disenfranchised social classes. This dissertation furthered the arguments made by RSS (1992) by examining social class mobilization under a neoliberal accumulation regime and the implications that this mobilization has for democratizing authoritarianism and tipping the balance of class power in favor of the lower classes. It suggested that in contemporary societies struggling under neoliberalism, the labor movement has to build a broad alliance with the dispossessed and disenfranchised classes. Secondly, and while my research has focused on the formal working class, I have acknowledged that there is evidence that suggests that the informal working class was also an important actor. Given the limitations of researching this sector for my dissertation, I could not draw formal conclusions on the roles of the informal sector, which remains an important topic for further research. For example in the context where the industrial working class does not exist, there is a evidence that suggests that the residents of the urban and rural peripheries have been at the frontline of the renewed wave of mass mobilization since 2019. Thirdly, while RSS (1992) assessed the success or failure of democracy based on the "balance of class power," which is measured in their account by the

capacity of workers to organize in alternative parties and unions, this dissertation proposed several correctives. The dissertation suggested that the RSS (1992) approach does not emphasize the critical role that the length of the transition plays in democratization processes. It also suggested assessing the balance of class power by looking at the post-authoritarian political economy.

On the practical level, the dissertation opens avenues for extending the research to the cases that had experienced renewed mass mobilization and calls for regime change. It also questions the role that the formal and informal working-class played in these protests and the breadth of alliance needed to bring about the desired social, economic and political change. In 2019, countries across the Globe have witnessed an unprecedented wave of mass mobilization. Citizens of Sudan, Algeria, Iraq, Lebanon, Ecuador, Chile, and Hong Kong have all taken to the streets to restore human dignity and demand regime change. In Lebanon, Chile, and Sudan, there is evidence to suggest that the mobilization was born from the contradictions of neoliberal dispossessions and failed economic policies. It is interesting to see in these cases whether labor played a significant role if not only in initiating the mass mobilization but in sustaining protests, forcing concessions from the political and economic elites, spreading mass mobilization across different regions and promoting an alternative discourse one that mounts a serious challenge to neoliberal authoritarianism. In Sudan, it was the Sudanese Professional Association that had played a role in spreading the mass protests and delegitimizing authoritarian rule. In Algeria and in Lebanon, the protesters have shielded themselves from being labeled with a specific form of organizing or leadership, which is owed to the history of these two countries whereby the practice of politics was held captive of a corrupt political leadership that had often used the realm of politics to keep citizens divided along confessional or tribal lines. In Lebanon, however, there is a nascent independent current of unionists that broke free from a federation controlled by Lebanon's sectarian parties. The Independent Union Current of Lebanon though not responsible for the protests has proposed an agenda that challenges the neoliberal dispossessions including wage depreciation of public sector employees, improving the quality of the health sector and public education, ending privatization, ending contractual work, as well as Lebanon's subservience to the international financial institutions. The movement is still nascent and only time can tell whether this movement would expand beyond its base to incorporate the struggles of Lebanon's urban poor, the peasants, the unemployed and the migrant workers who make up a large labor force and inhabit the most precarious jobs of the economy from garbage collection to domestic work to construction work.

There is also evidence that suggests that the current wave of mass mobilization have been engaging in political learning, a theme that inspires this dissertation. For example, similar slogans have reverbated in different contexts showing an increased insistence from the protesters that the political and the economic are necessarily intertwined. In the streets, the calls for bread, freedom and social justice were immediately raised as were the calls for dignified living, the right to employement, adequate services, etc and an end to corrupt non-democratic rule. In other words, the renewed protests confirmed what this research has proposed that the struggles are not simply generated from struggles under authoritarian and corrupt non-democratic rule; they are essentially born from the contradictions of neoliberal capitalism sustained by non democratic regimes. The renewed protests also confirmed another finding in this research, which suggested that lengthy periods of transitions are necessary to lead to real change as they give time and space for protesters to build on the militancy and activism in the streets, imagine new ways of doing politics and creating the alternative forms of organizing to this end. The longevity of the mass strikes is one striking difference compared to the Arab spring. To give an example, in Sudan, the opposition had insisted that elections would be held in three years time so to avoid the same mistakes of the Egyptian revolution that ended up with rushing the elections giving no time for the social forces that contributed to the revolution to organize efficiently, win elections and preempt the militarization of politics.

Finally, it is essential to extend the analysis to contemporary Egypt and Brazil under the rightist turn. Between 2016 and 2018, Brazil underwent a radical shift in governance. After more than a decade of social democratic Workers' Party (PT) governments successfully advancing the socioeconomic conditions as well as civil and political rights of the formal and informal working-class, Afro-Brazilians, women, and sexual minorities, the coalition supporting the PT disintegrated. Voters who had benefitted from the PT's progressive policies abandoned their support to the left and elected instead, Jair Bolsonaro, a far-right candidate with a regressive agenda (Hunter and Power 2019). Future research on Brazil can indeed attend to this puzzle, namely the rise of the right-wing new populist regimes and reflect on the factors that led the PT's social base to support the turn to the right, and the failure of the labor and social movements to overcome their fragmentation, to bring about an alternative agenda to the new far-right authoritarian regime.

In Egypt, El-Sisi's military rule faced challenges with a business community, at least some of El-Sisi's former allies, withdrawing support from the regime and leveling criticism against the military corruption. Such accusations weighed heavily on Egyptians who have not

only been under siege since the rise of El-Sisi but who also experienced the worsening of economic conditions as the general and his close circles reaped the benefits of military neoliberalism. In late September 2019, Egypt witnessed an upsurge of mass mobilization demanding El Sisi's departure, and the poor and the working-class neighborhoods, rather than Cairo, were at the frontline of such mobilization. The military immediately repressed the mass mobilization, but it signaled that the regime is far from being able to achieve poltical stability even if it could solicit international, and regional support and mobilize its repressive apparatus, which had expanded and deepened under El Sisi with Egypt ranking as the largest importer of weapons. Finally, since this dissertation focused mainly on the local determinants of democratization and regime change, it would be interesting for future research to examine how regional powers affected social classes and their capacity to organize and mobilize. This topic is an important one, especially in the Arab World and the Middle East, where regional actors have impeded prospects for democratization and supported the military in Egypt and elsewhere.

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CUT : https://www.cut.org.br/

DIEESE : https://www.dieese.org.br/
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IMF: https://www.imf.org/external/index.htm
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Interviews

Brazil

1. Interview with Metalurgics Former Union Leader 1 (SCANIA), 1 November 2016, ABC, São Paulo.
2. Interview with Metalurgics Former Union Leader 2 (Mercedes), 13 December 2016, ABC, São Paulo
3. Interview with Metalurgics Former Union Leader 3 (Mercedes), 17 November 2016, ABC, São Paulo
4. Interview with Metalurgics Former Union Leader 4 (Ford), 18 November 2016, ABC, São Paulo.
5. Interview with Metalurgics Former Union Leader 5 (Ford), 20 November 2016, ABC, São Paulo.
6. Interview with Metalurgics Former Union Leader Affiliated with the Communist Party, 22 November 2016, ABC, São Paulo..
7. Interview with Former CUT leader and PT depute, 18 November 2016, 27 November 2016, ABC, São Paulo.
8. Interview with Current CUT leader (CUT1), 22 November 2016, São Paulo
9. Interview with Current CUT leader (CUT 2), 22 November 2016, São Paulo

10. Interview with Current CUT unionist (CUT 3), 11 November 2016, São Paulo Interview with Current CUT unionist (CUT 4), 3 November 2016, São Paulo
11. Interview with Conlutas Union leader, 3 November 2016, São Paulo.
12. Interview with Forca Sindical Union leaders 1 (FS1), 3 November 2016, São Paulo.
13. Interview with Forca Sindical Union leader 2 (FS 2), 15 November 2016, São Paulo.
14. Interview with UGT Union leader 1 (UGT1), 18 October 2016, São Paulo.
15. Interview with UGT Unionist (UGT 2), 6 November 2016, São Paulo.
16. Interview with FLM, 16 November 2016, São Paulo.
17. Interview with MNM, 6 November 2016, São Paulo.
18. Interview with Intersindical Leader (Intersindical 1), 12 December 2016, São Paulo.
19. Interview with Intersindical Leader (Intersindical 2), 9 December 2016, São Paulo.
20. Interview with Intersindical Leader (Intersindical 3), 20 December 2016, São Paulo.
21. Interview with Intersindical Leader (Intersindical 4), 5 December 2016, São Paulo.
22. Interview with Brigadas Populares, 9 December 2016, São Paulo.
23. Interview with USP Sociologist, 15 November, São Paulo.
24. Interview with Sociologist and DIEESE Lecturer, 3 November, São Paulo.
25. Interview with MST Coordinator, 1 December 2016, São Paulo

Egypt

26. Interview with Textile Unionist 1, Alexandria, 13 January 2016.
27. Interview with Dismissed Textile Unionist, Alexandria, 13 January 2016.
28. Interview with Founder of the Alexandria Permanent Council, 12 January 2016
29. Group interview with Dismissed Cement Industry Workers, Alexandria, 12 January 2016.
30. Interview with Political Economist 1, 17 December 2015, Cairo.
31. Interview with Political Economist 2, 22 December 2015, Cairo.
32. Interview with Giza Unionist and EITUF Leader, 5 January 2016, Cairo.
33. Interview with Independent Teacher's Unionist, 10 January 2016, Alexandria.
34. Interview with Tanta Flax Unionist, 20 December 2015, Cairo.
35. Interview with Cairo Unionist, 20 December 2015 and 5 January 2016, Cairo.
36. Interview with Suez unionist, 10 January 2016, Cairo.
37. Interview with billing company workers, 05 January 2016, Cairo.
38. Interview with ECESR researcher 1, 05 January 2016, Cairo.
39. Interview with ECESR researcher 2, 20 December 2015, Cairo.
40. Interview with Labor lawyer, 16 December 201, Cairo.

41. Interview with Labor journalist 1, 20 December 2015, Cairo.
42. Interview with Labor Journalist 3, 25 December 2015, Cairo.
43. Interview with Labor Journalist 2, 8 January 2016, Cairo.

Annex- Egypt

Chart 1: Military Expenditures as a % of GDP in Egypt[145]

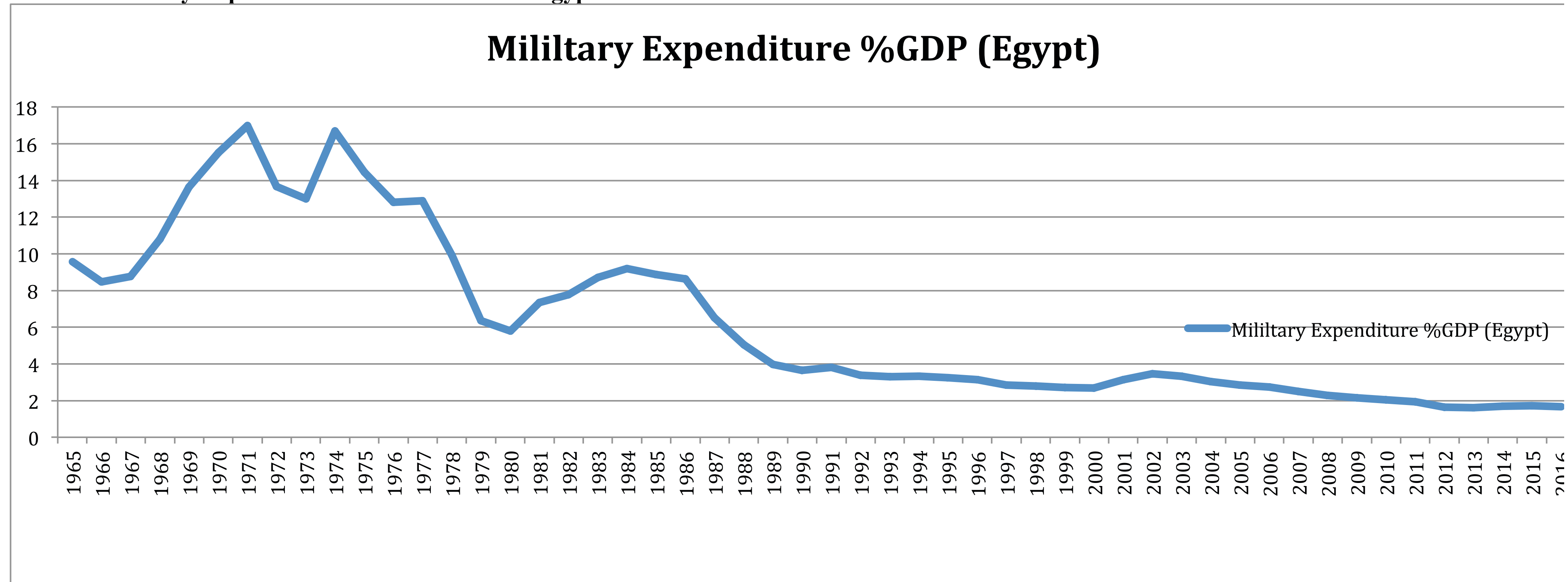
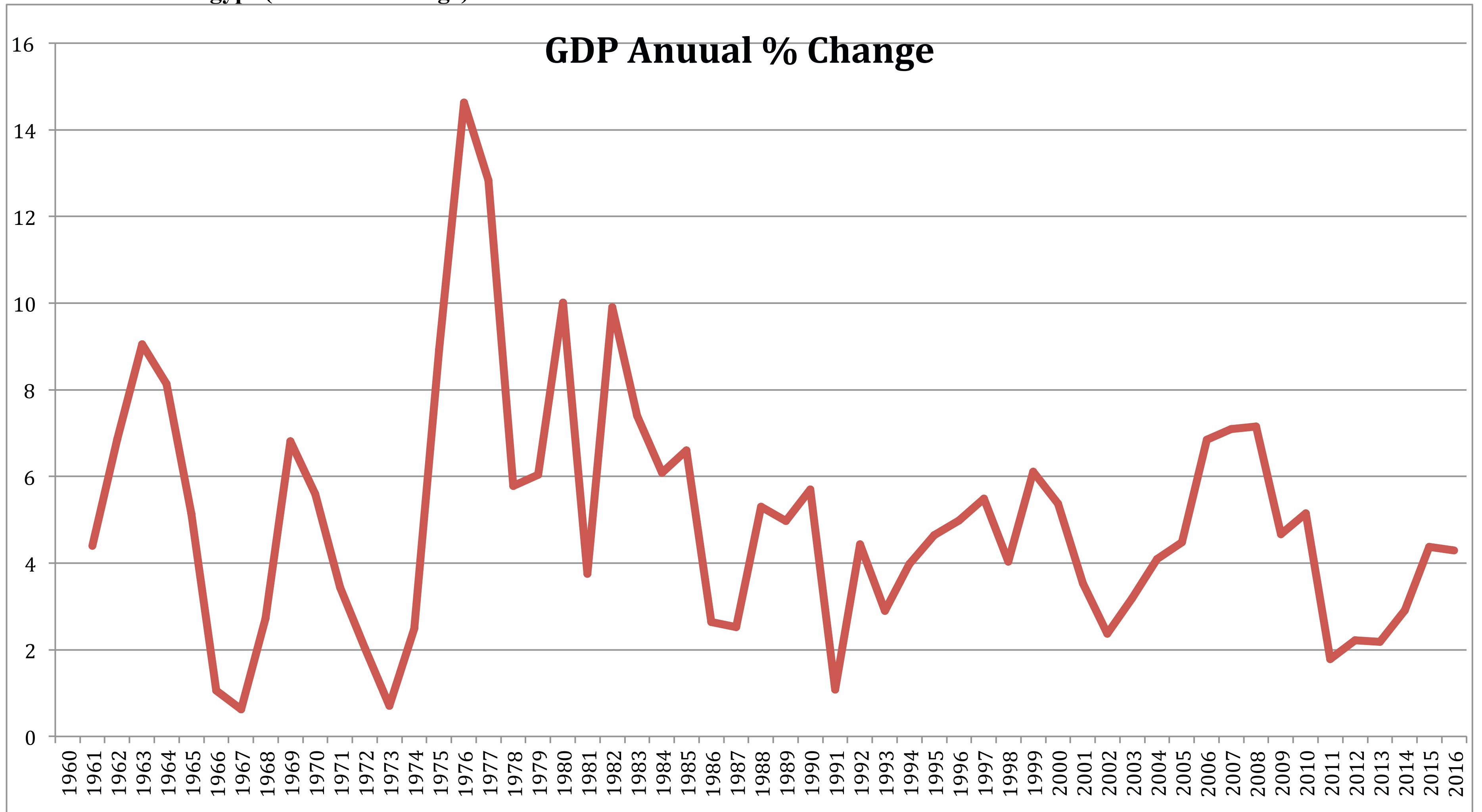
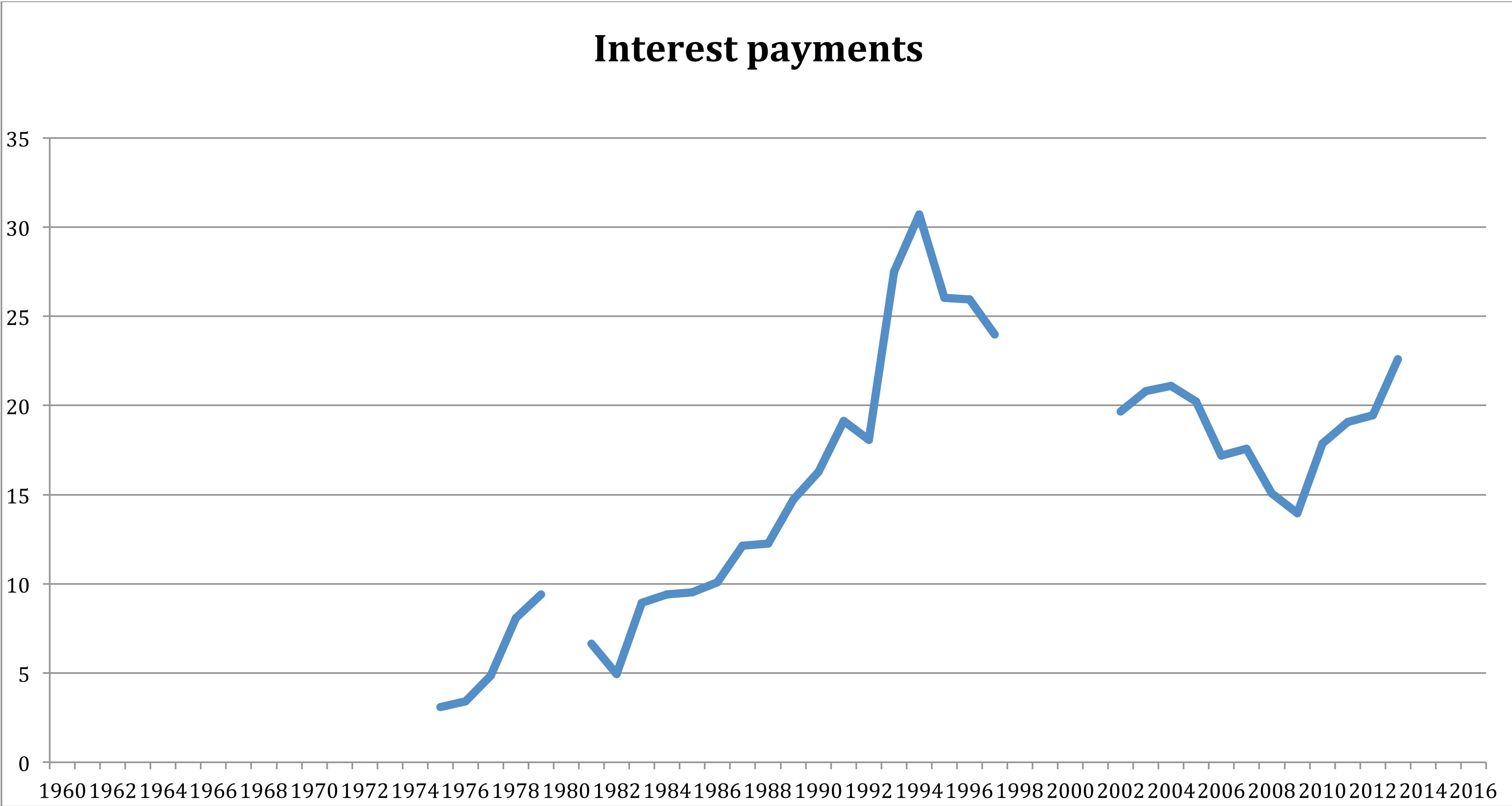


Chart 2: GDP in Egypt (% annual change)[146]



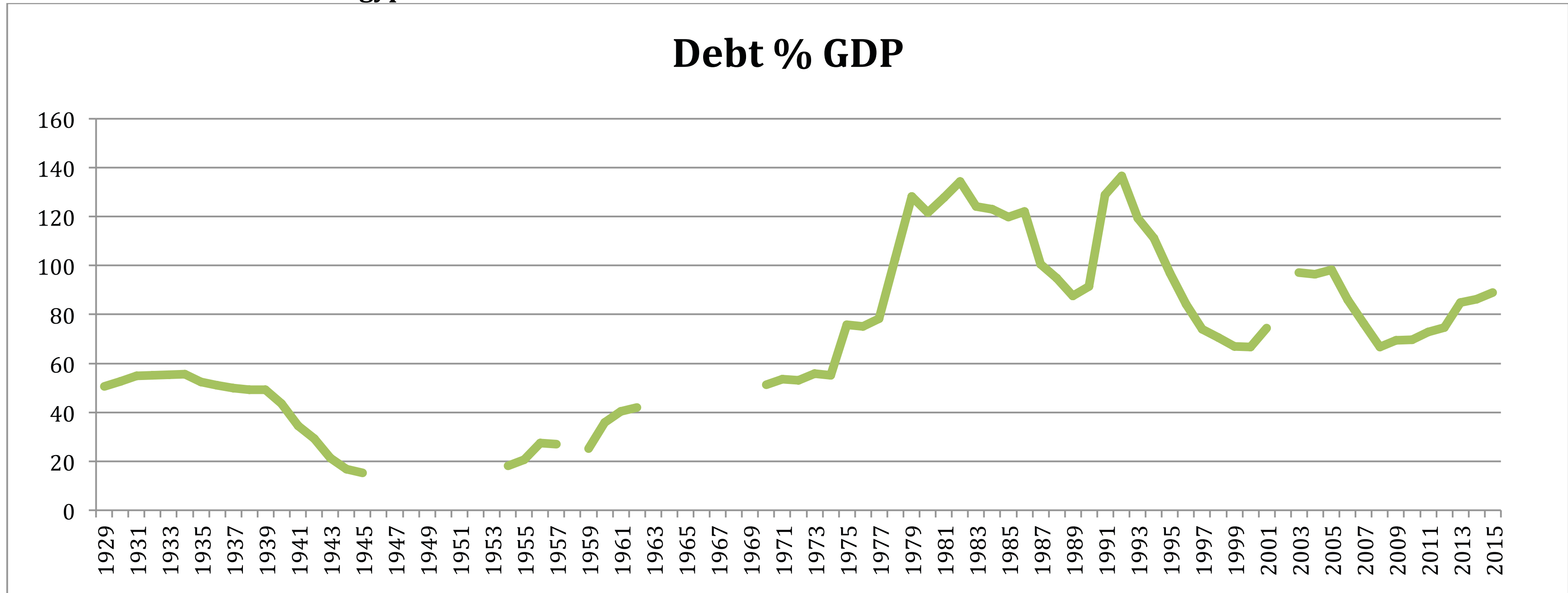
[146] Source the World Bank

Chart 3 : Interest Payments as % of Expenses in Egypt[147]



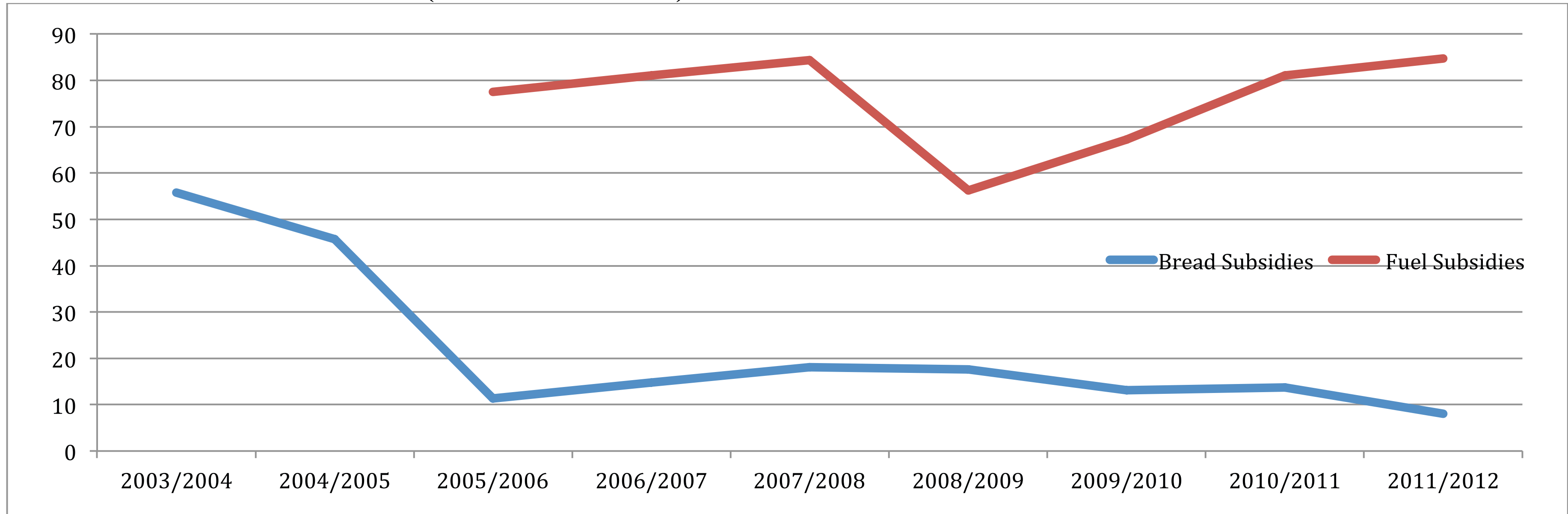
[147] Source the World Bank

Chart 4 : Debt % of GDP in Egypt[148]



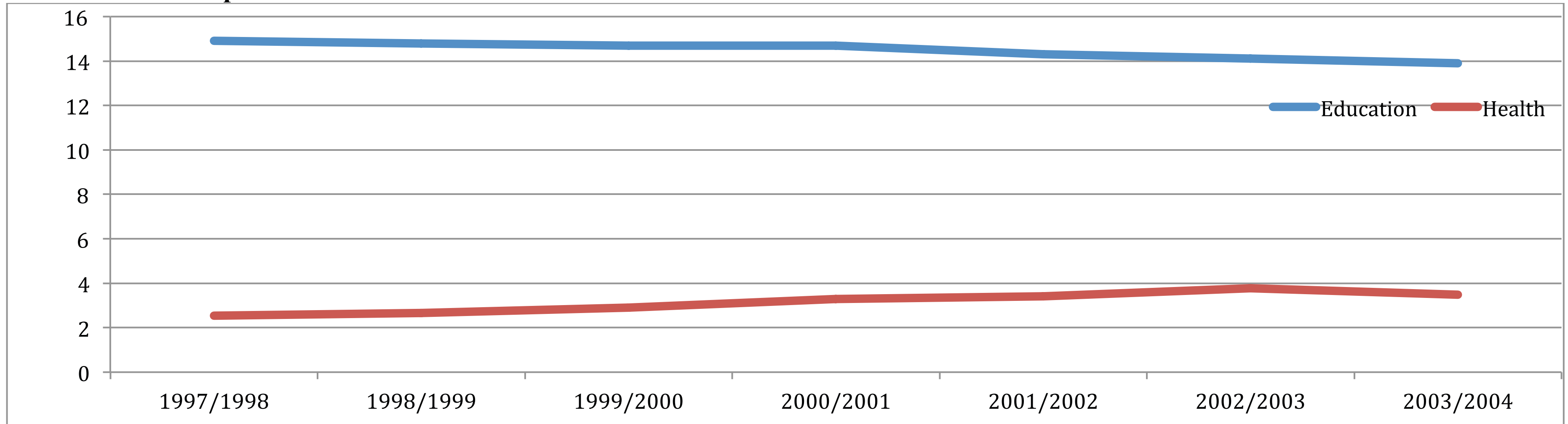
[148] Debt as a % of GDP from the IMF : https://www.imf.org/external/datamapper/DEBT1@DEBT/OEMDC/ADVEC/WEOWORLD/EGY

Chart 5 : Bread and Fuel Subsidies (% of Total Subsidies) since 2003.[149]



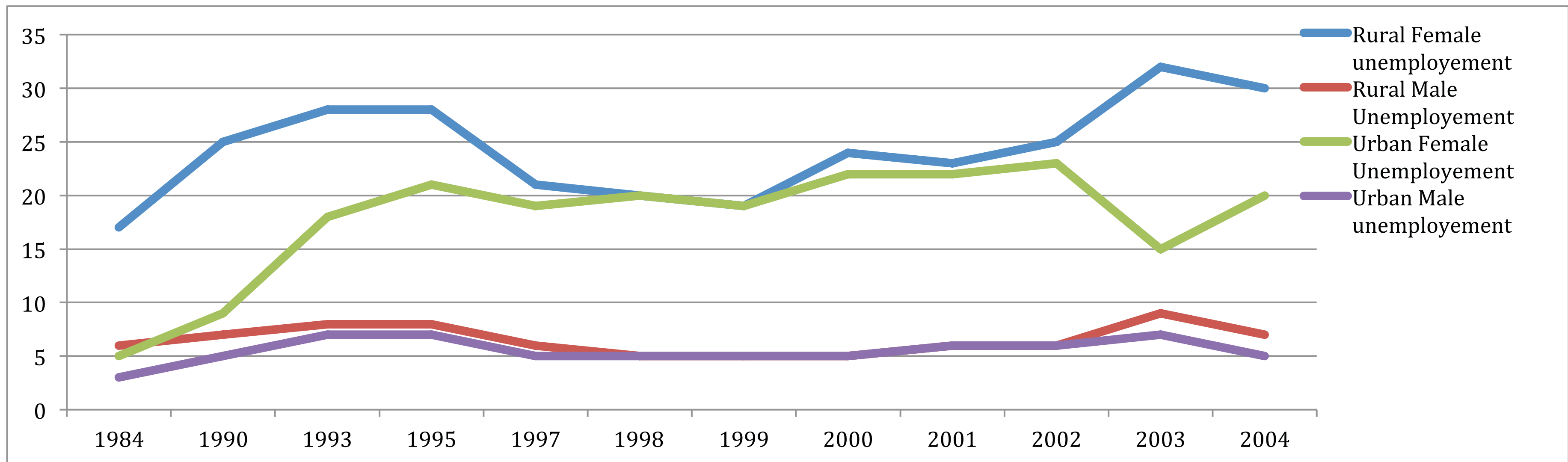
149 Source the Capmas

Chart 6: Public Expenditure on Health and Education[150]



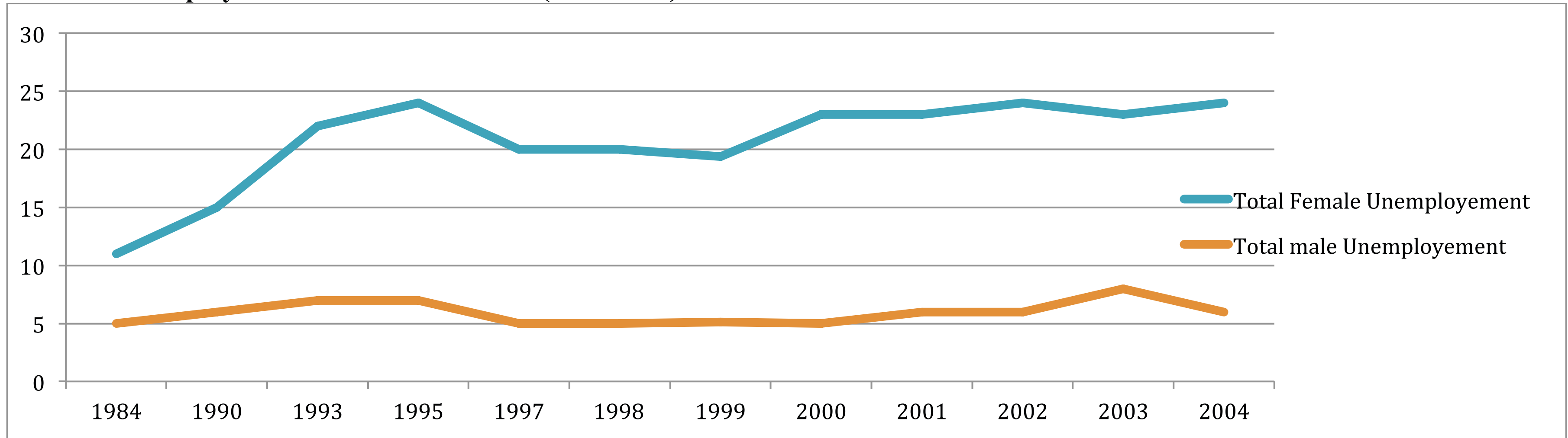
[150] Source Capmas (2005)

Chart 7 : Unemployment female/male in Rural and Urban Areas [151]



[151] Source Capmas (2005)

Chart 8: Unemployment Rate Male / Female (1984-2004)[152]



[152] Source Capmas (2005)

Chart 9: Unemployment Rate in Egypt (1970-2016)

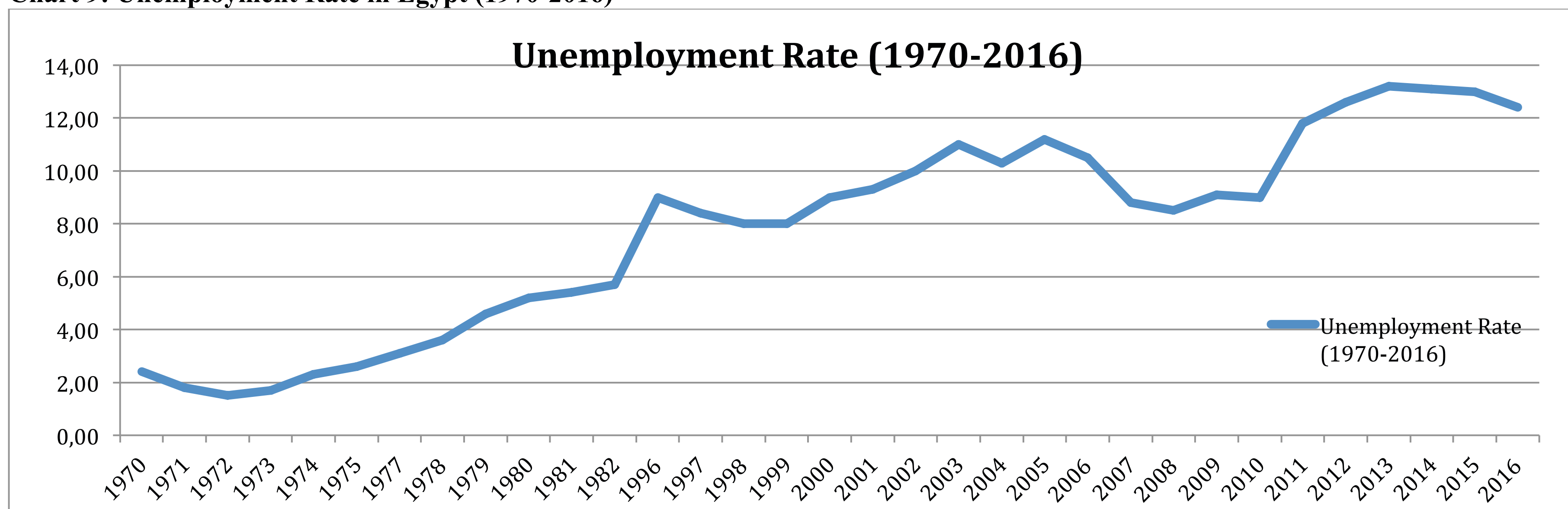
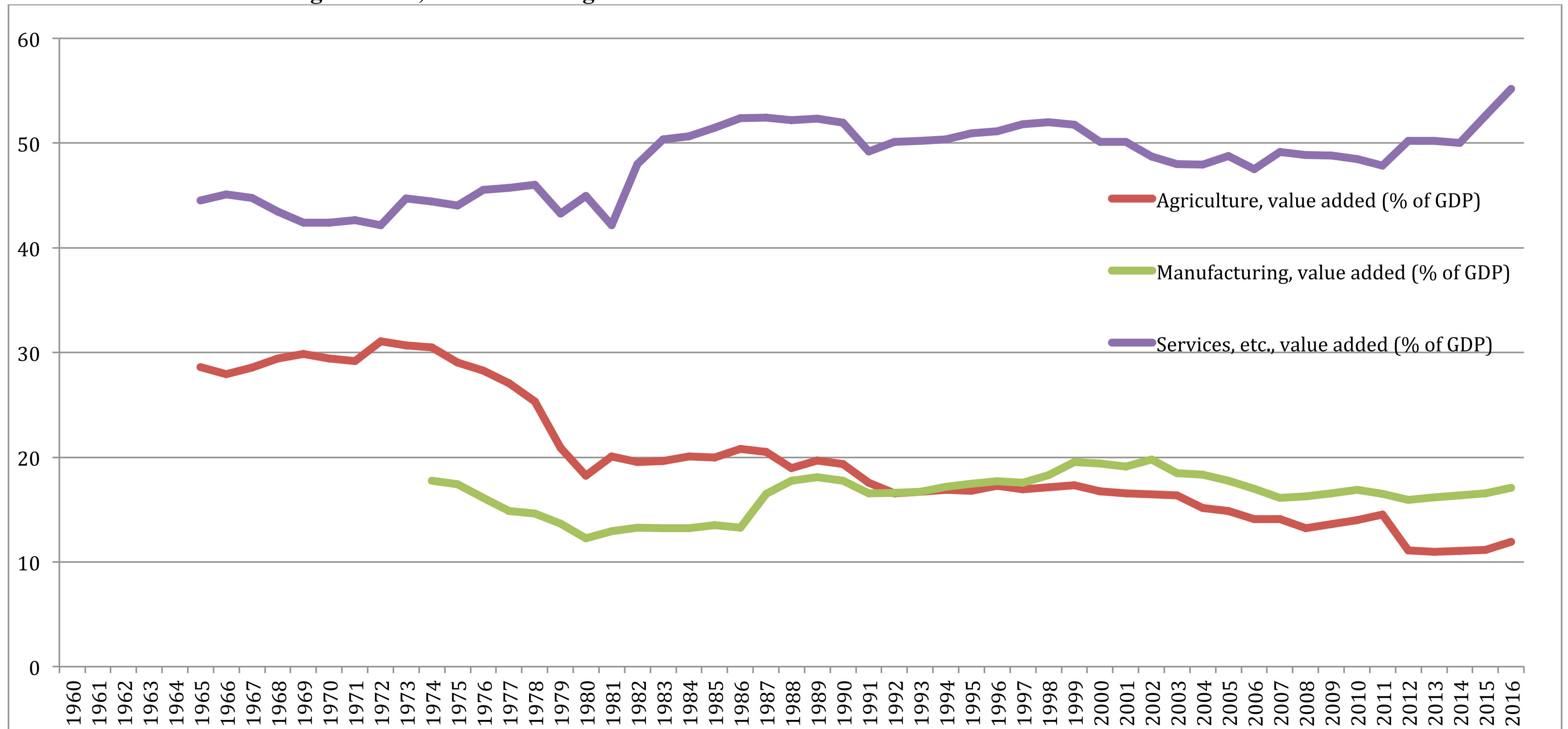


Table 2: Poverty Indicators in Egypt (1990-2015)[153]

	Percentage of People Living below the poverty Line (National)	Percentage of People living below one dollar a day	Percentage of people living below 2 $ a day
1990/1991	**24.3%**	**8.2%**	**39.5%**
1999/2000	**16.7%**	**0.7%**	**24.8%**
2004/2005	**19.6%**	**3.4%**	**42.8%**
2008/2009	**21.6%**	**3.2%**	**42%**
2010/2011	**25.2%**	**NA**	**NA**
2012	**26.3%**	**NA**	**NA**
2015	**27.8%**	**NA**	**NA**

[153] Sources are CAPMAS Statistical Reports (2004-2011) : https://censusinfo.capmas.gov.eg/Metadata-ar-v4.2/index.php/catalog/
For 2012 and 2015 , source of data is the World Bank.

Chart 10: Share of Agriculture, Manufacturing and Services[154]



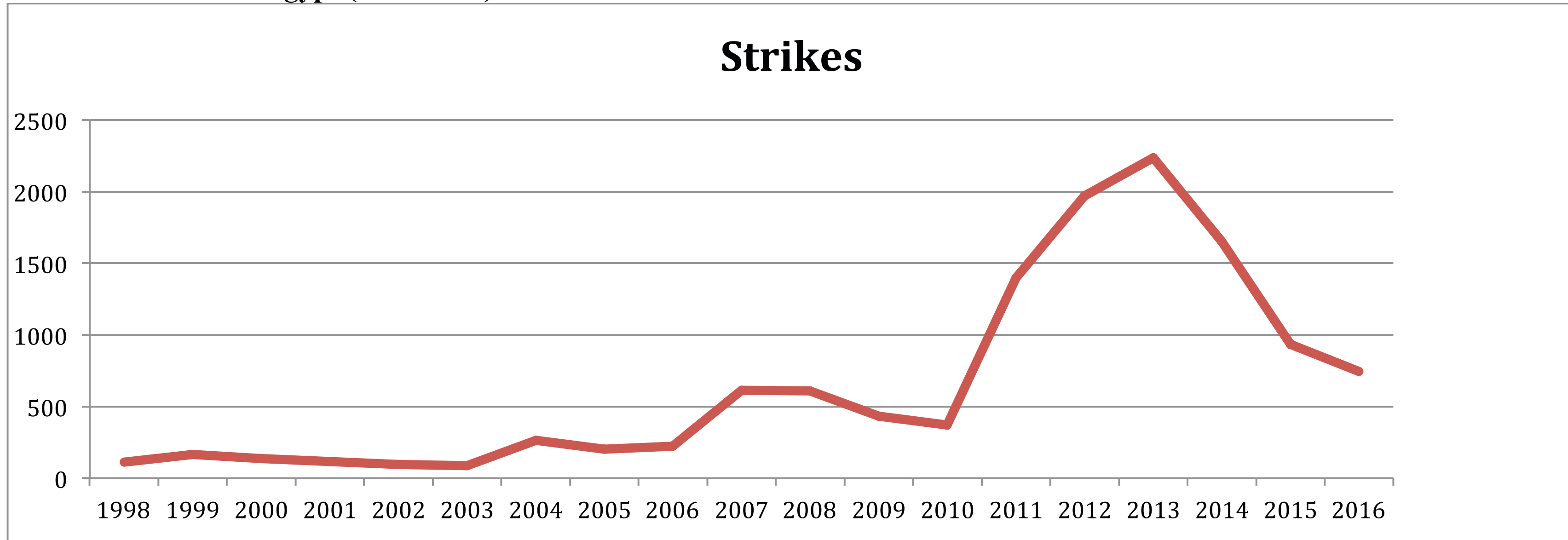
[154] Adapted from the World Bank

Table 3 : Informality (1995-2003)[155]

	2003		2002		1995	
	Informal%	**Formal%**	**Informal%**	**Formal%**	**Informal%**	**Formal%**
Urban/ male	21.5	78.5	22.3	77.7	22.6	77.4
Urban/female	7.5	92.5	6.1	93.9	6.9	93.1
Urban/total	**18.8**	**81.2**	**18.9**	**81.1**	**80.2**	
Rural/male	57.9	42.1	58.0	42	62.3	37.7
Rural/female	67.9	32.1	54.3	45.7	75.4	24.6
Rural/total	**59.8**	**40.2**	**57.4**	**42.6**	**65**	**35**
Total/male	42.6	57.4	43	57	44.6	55.4
Total female	42.1	57.9	31	69	47.8	52.2
Total	**42.5**	**57.5**	**40.8**	**59.2**	**45.2**	**54.8**

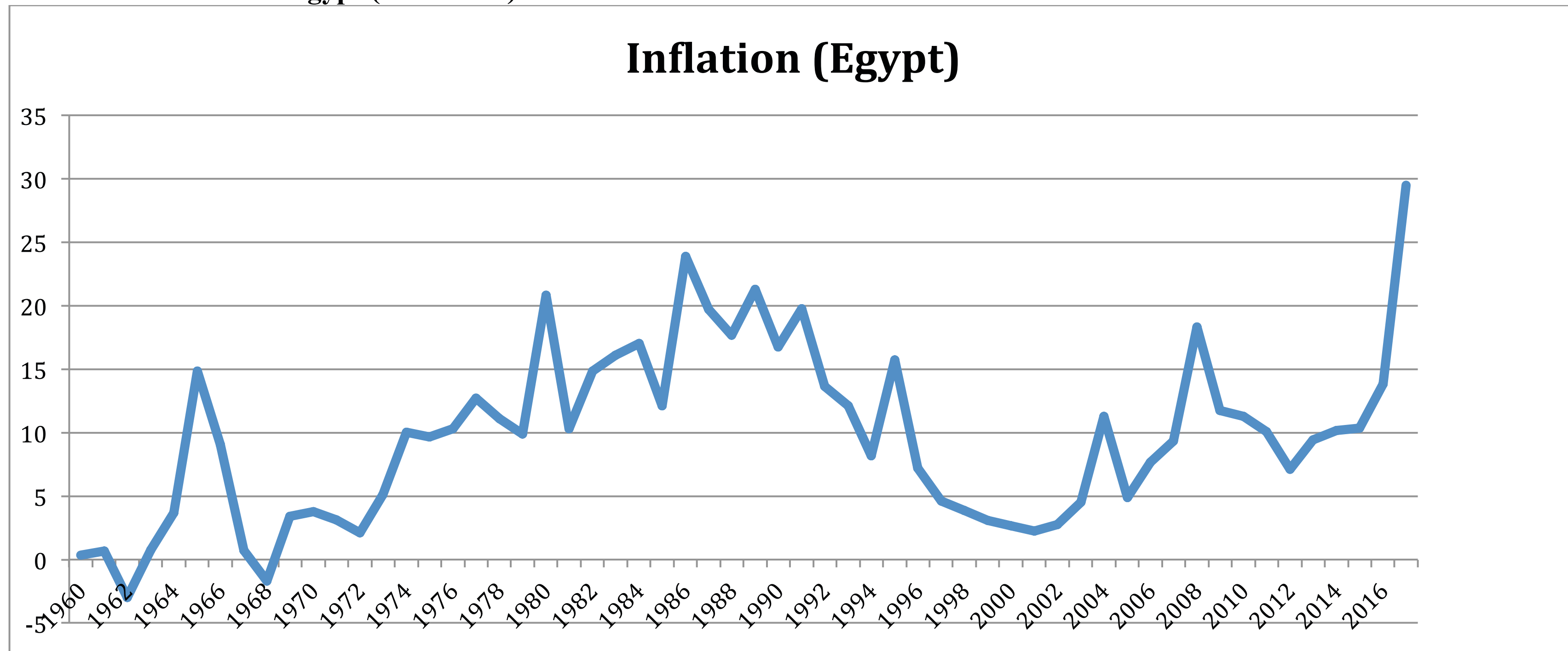
[155] Informality : Capmas (2004)

Chart 11: Strikes in Egypt (1998-2016) [156]



[156] Various Sources Interviews, Beinin and Duboc 2014, ECESR Reports, Democracy barometer
No official data exists between 1981 and 1998. The widely cited source (Beinin 2016) traces 33 labor strikes per year for this period of time.

Chart 12: Inflation in Egypt (1960-2016)[157]



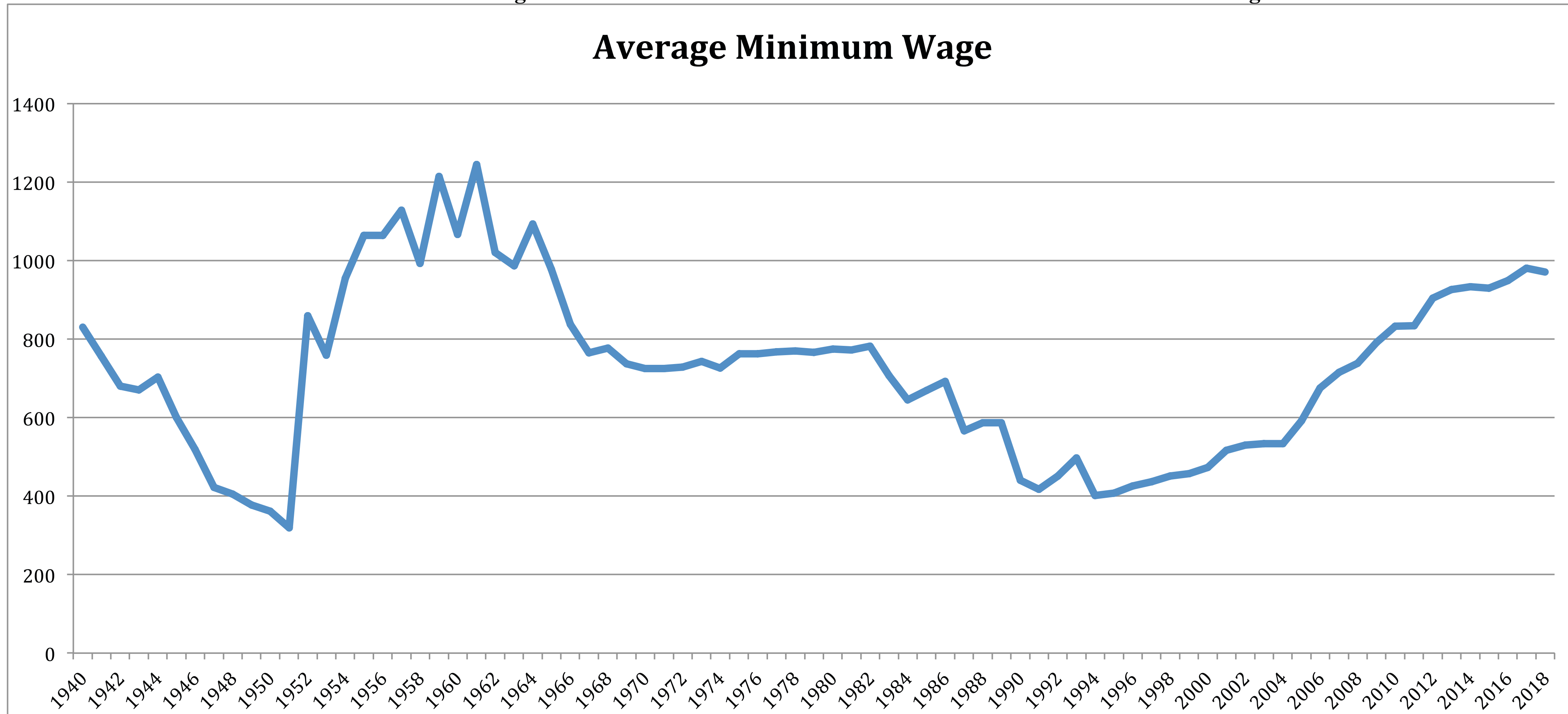
[157] Inflation in Egypt, source : https://data.worldbank.org/indicator/FP.CPI.TOTL.ZG?locations=EG

Table 4: Number of employees in the automobile industry[158]

Year	Number of people employed in the automobile industry	Number of cars produced per year
1965	49 000	185 000
1967	46 000	225 000
1970	66 000	416 000
1972	80 000	609 000
1975	105 000	930 000

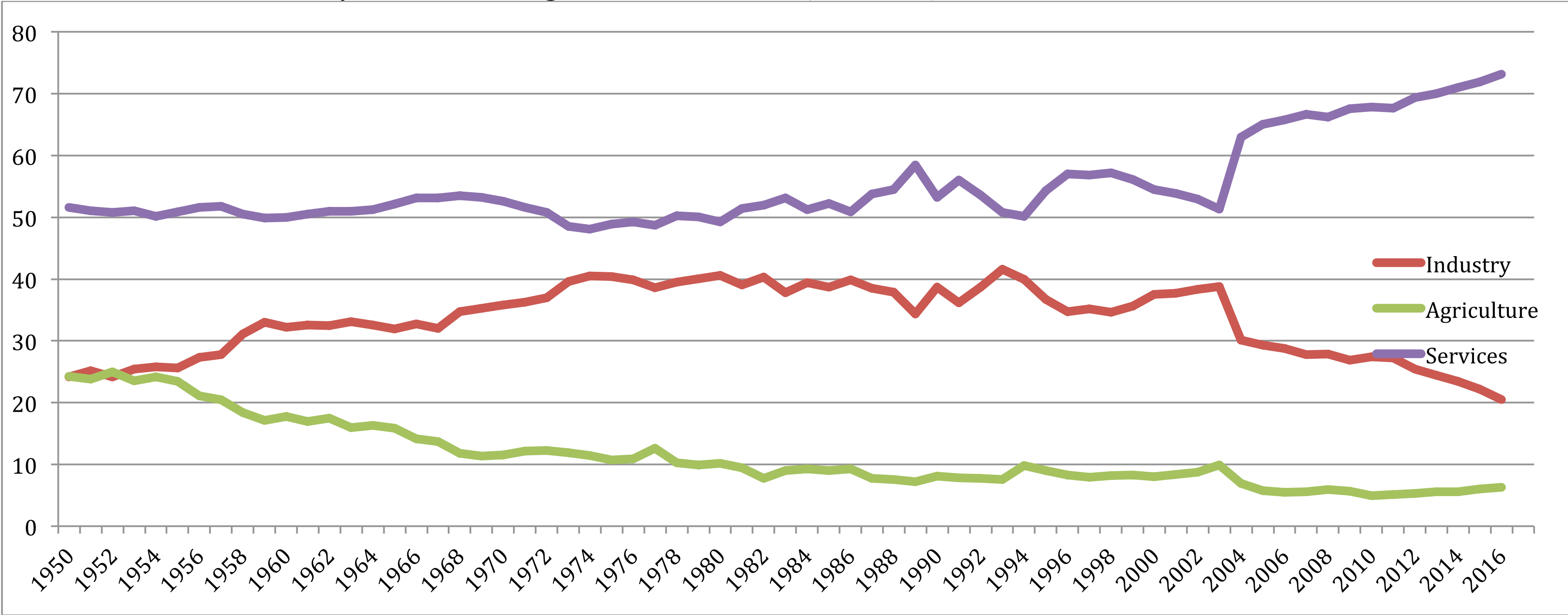
[158] Adapted from The Historical Atlas of Brazil https://atlas.fgv.br/capitulos/ditadura-militar-1964-1985 (Accessed February 19 2019)

Chart 13: Average Real Minimum Wage[159]



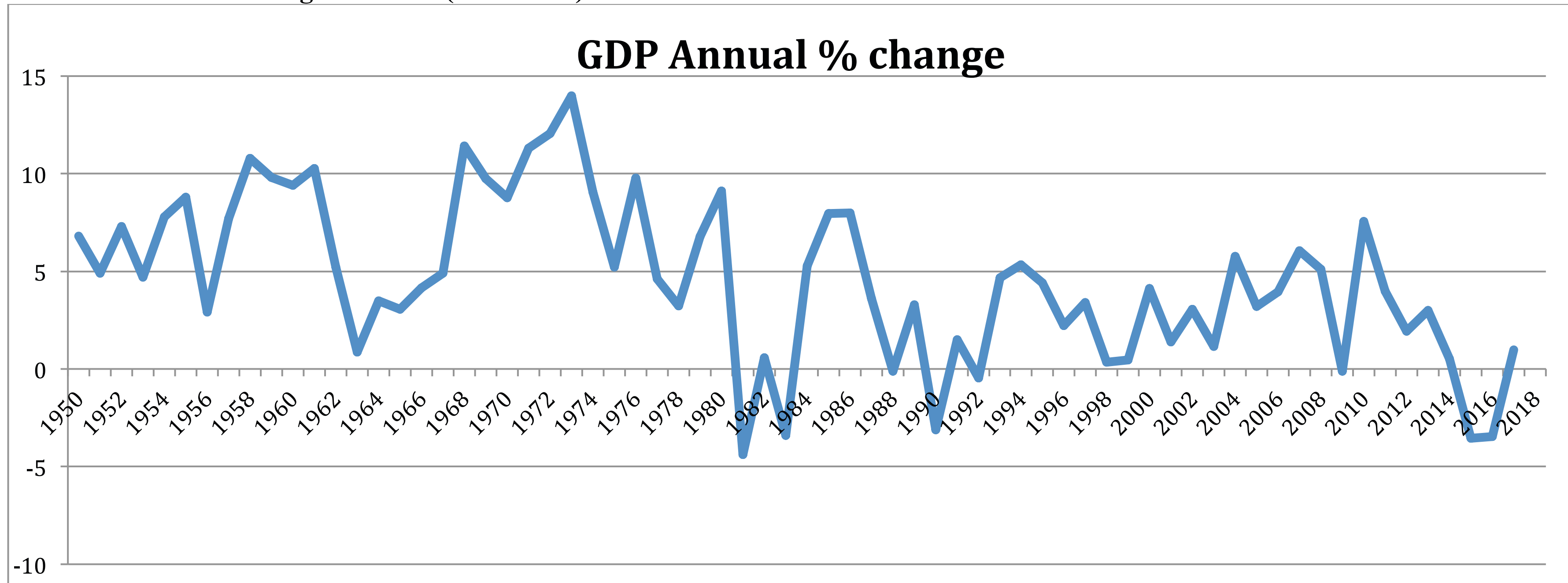
[159] Calculated from IPEA Data: http://www.ipeadata.gov.br/Default.aspx (Accessed February 11 2019)

Chart 14 : The Share of Industry, Services and Agriculture from GDP (1950-2016)[160]



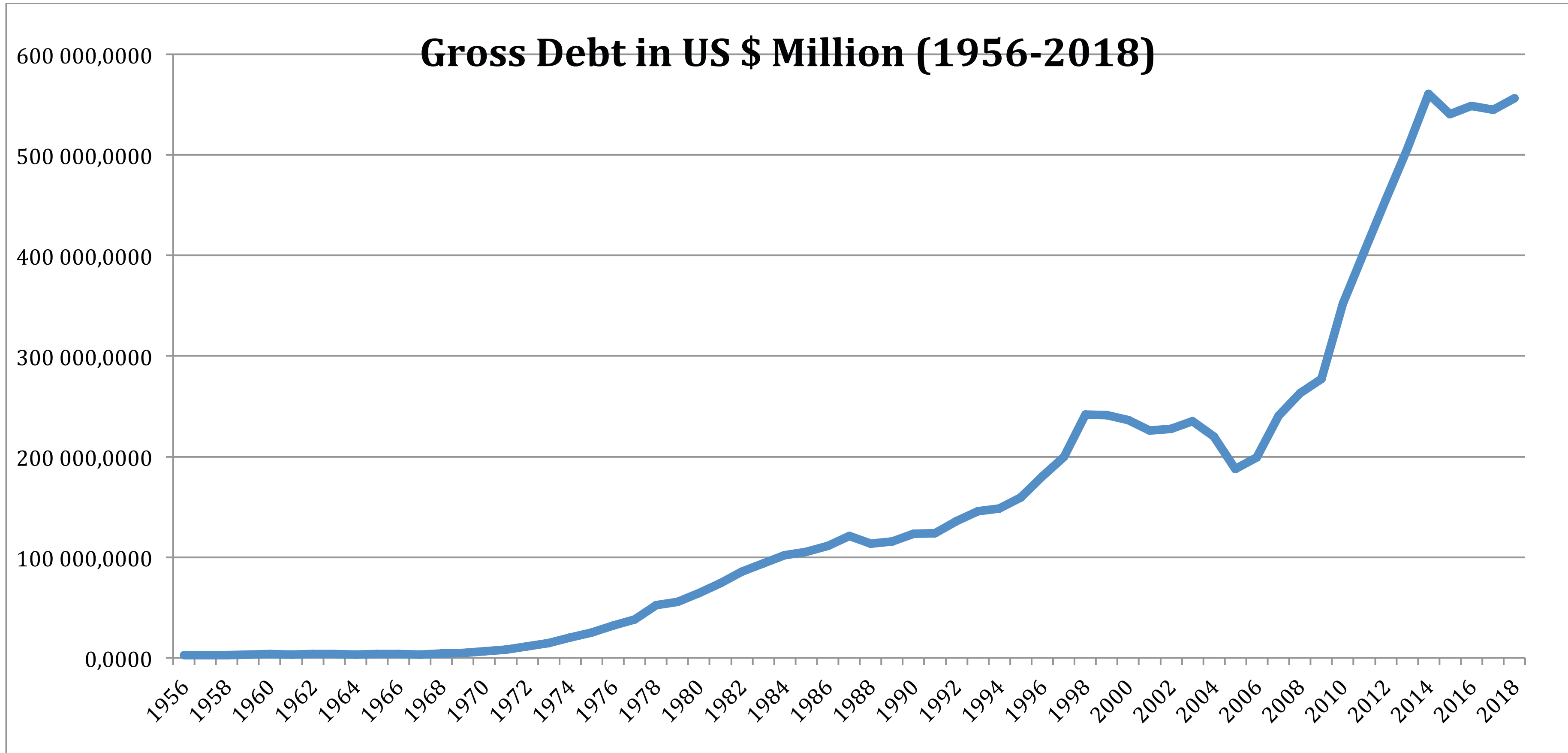
[160] Data between 1950 and 2002 from Baer (2014); Data for the years between 2002 and 2016 (Economic Intelligence Unit)

Chart 15: GDP % Change in Brazil (1950-2017)[161]



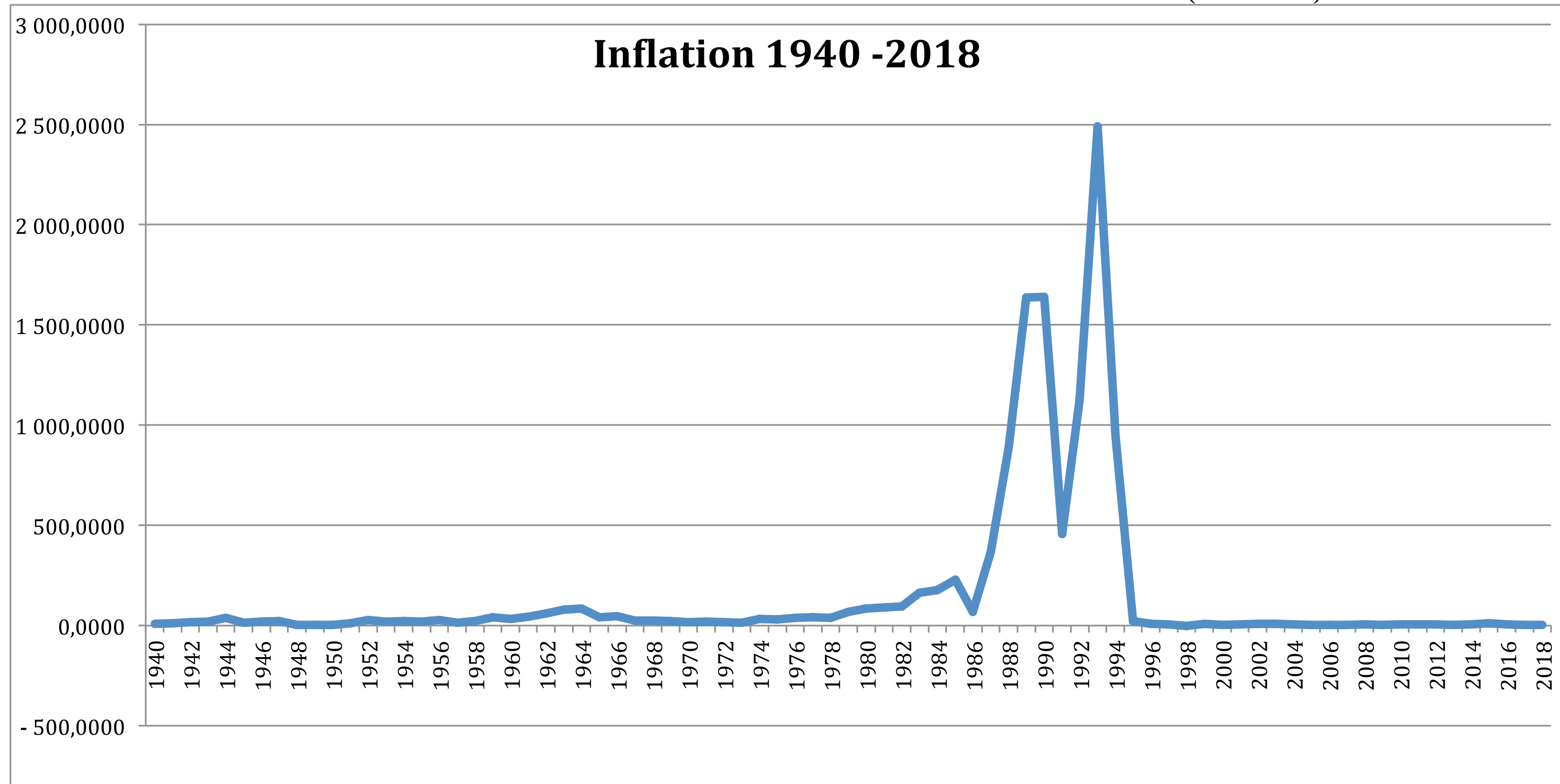
[161] Data for the years between 1950 and 1961 (Baer 2014). For GDP% annual between 1961 and 2017 (World Bank).

Chart 16: Gross Debt in US$ Million in Brazil[162]



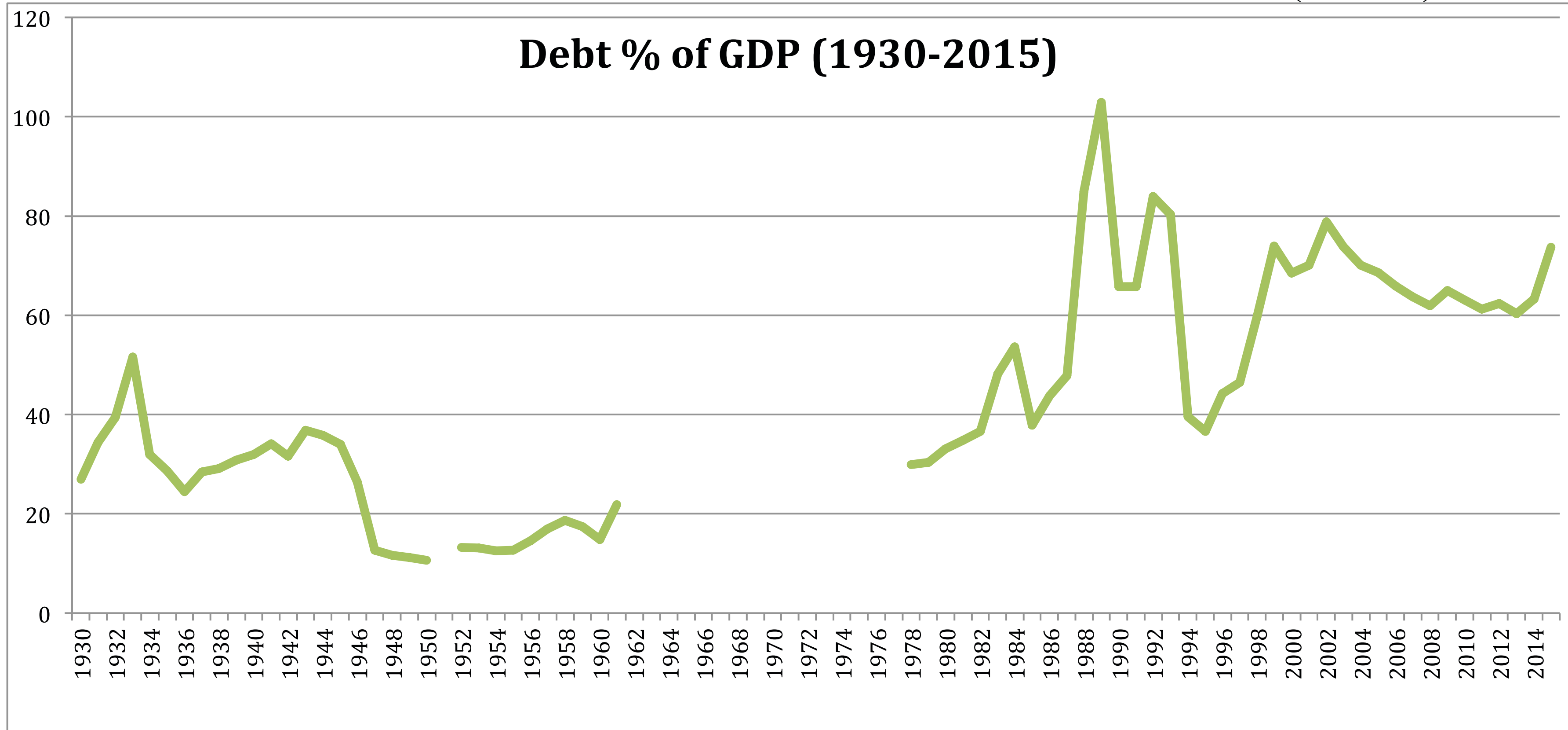
[162] Gross Debt in US $ Million (1956-2017) adapted from IPEA Data : http://www.ipeadata.gov.br/Default.aspx

Chart 17: Inflation in Brazil (1940-2018) [163]



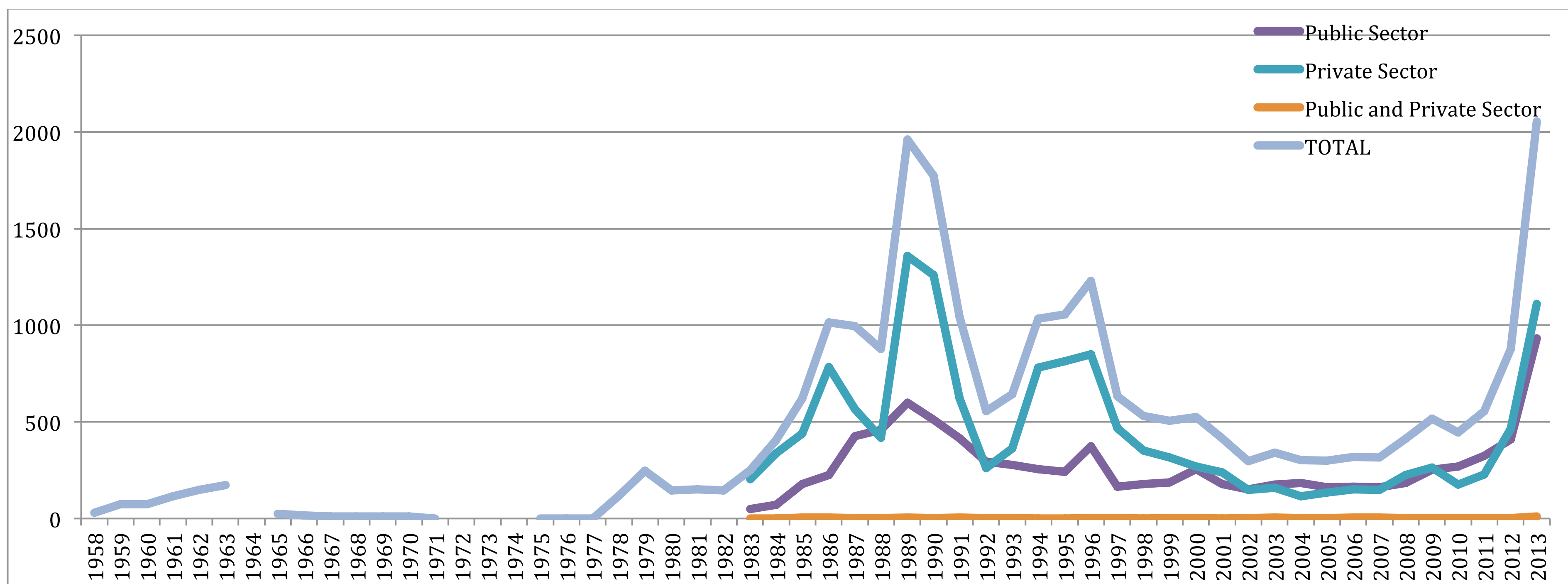
[163] Source IPEA data : http://www.ipeadata.gov.br/Default.aspx

Chart 18: Debt as % of GDP in Brazil(1930-2015) [164]



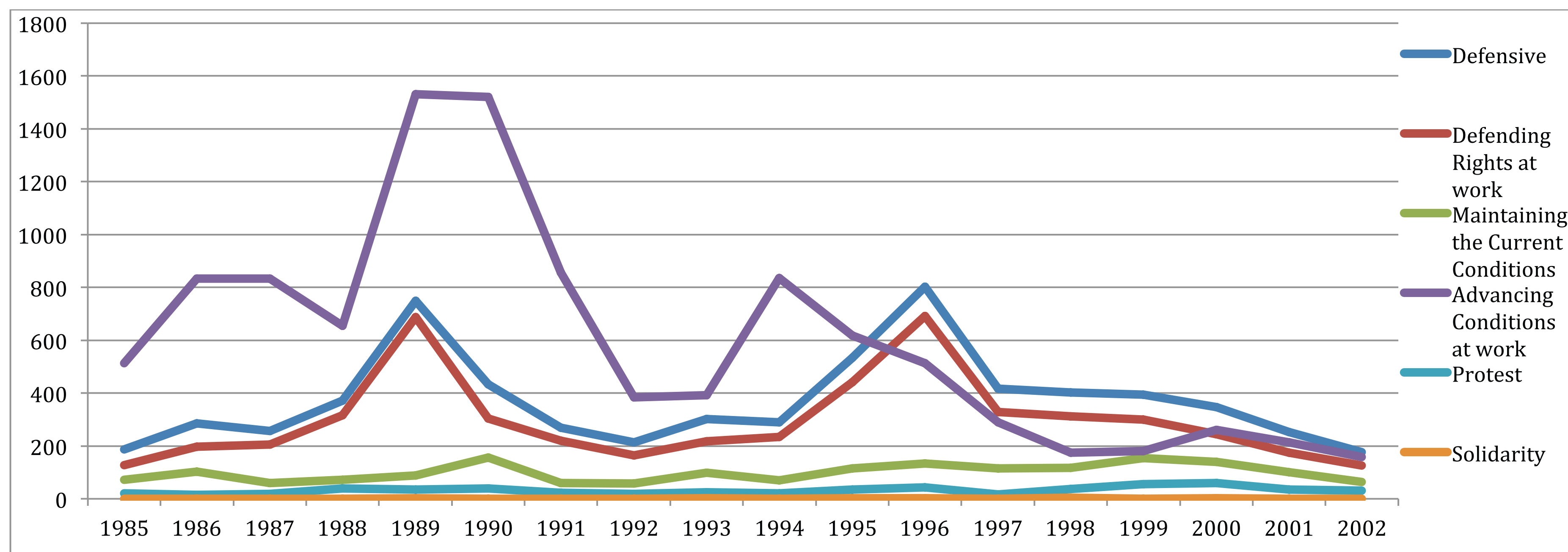
[164] Debt as percentage of GDP retrieved from the IMF (2019): https://www.imf.org/external/datamapper/G_XWDG_G01_GDP_PT@FM/ADVEC/FM_EMG/FM_LIDC

Chart 19: Number of Strikes in Brazil 1958-2013 [165]



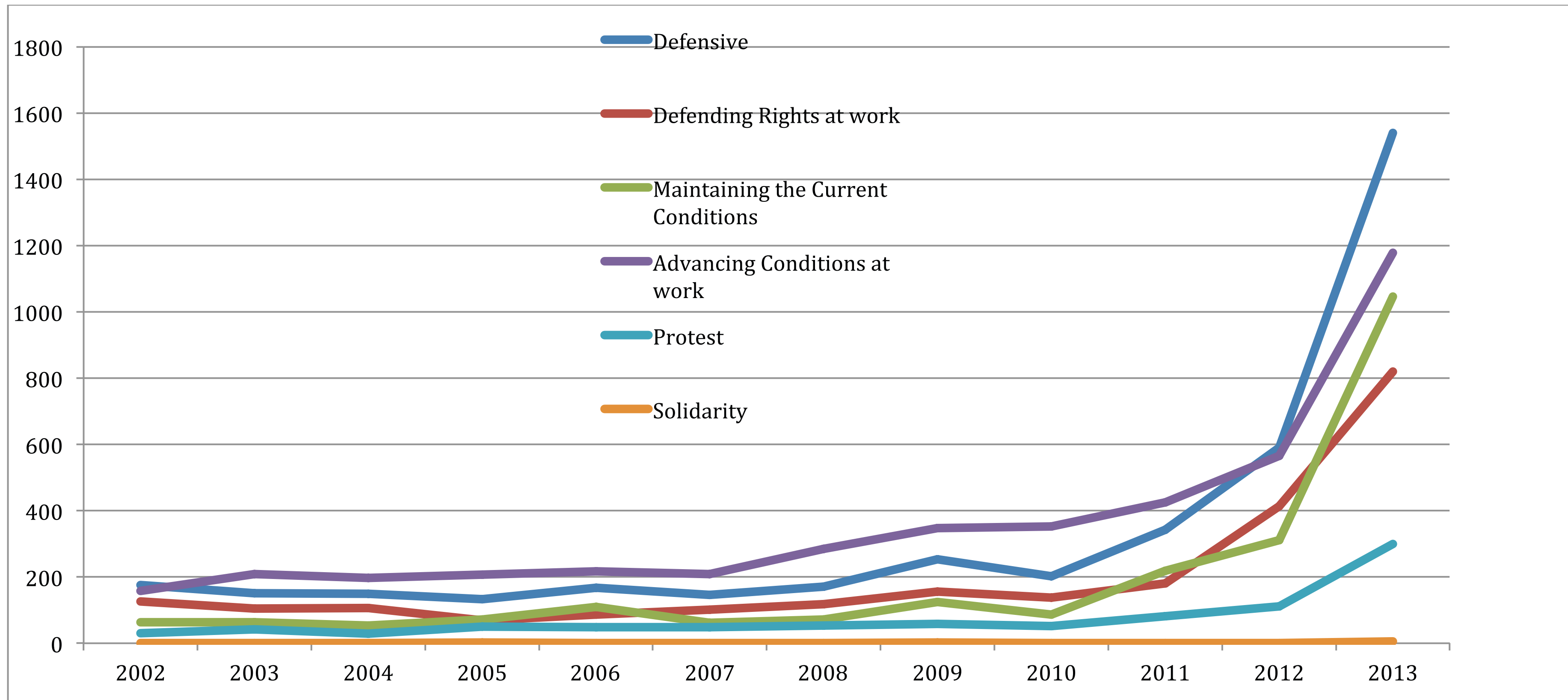
[165] Data compiled From The Brazilian Historical Atlas (FGV) for strikes between 1958 and 196 : https://atlas.fgv.br/marcos/governo-joao-goulart-1961-1964/mapas/numero-de-greves-ano-ano (Accessed February 2019).
For data on strikes between 1965 and 1971 data was compiled from Vito Giannoti Historia das Lutas dos Trabalhadores No Brasil. For Data between 1971 and 1975 see (Alexandre 2003, 152); Data on strikes 1975-1983 are compiled from (Sluyetr-Beltrão 2010, 79). DIEESE made available the data between 1983 and 2013

Chart 20 : General Character of the Strikes in Brazil 1985-2002[166]



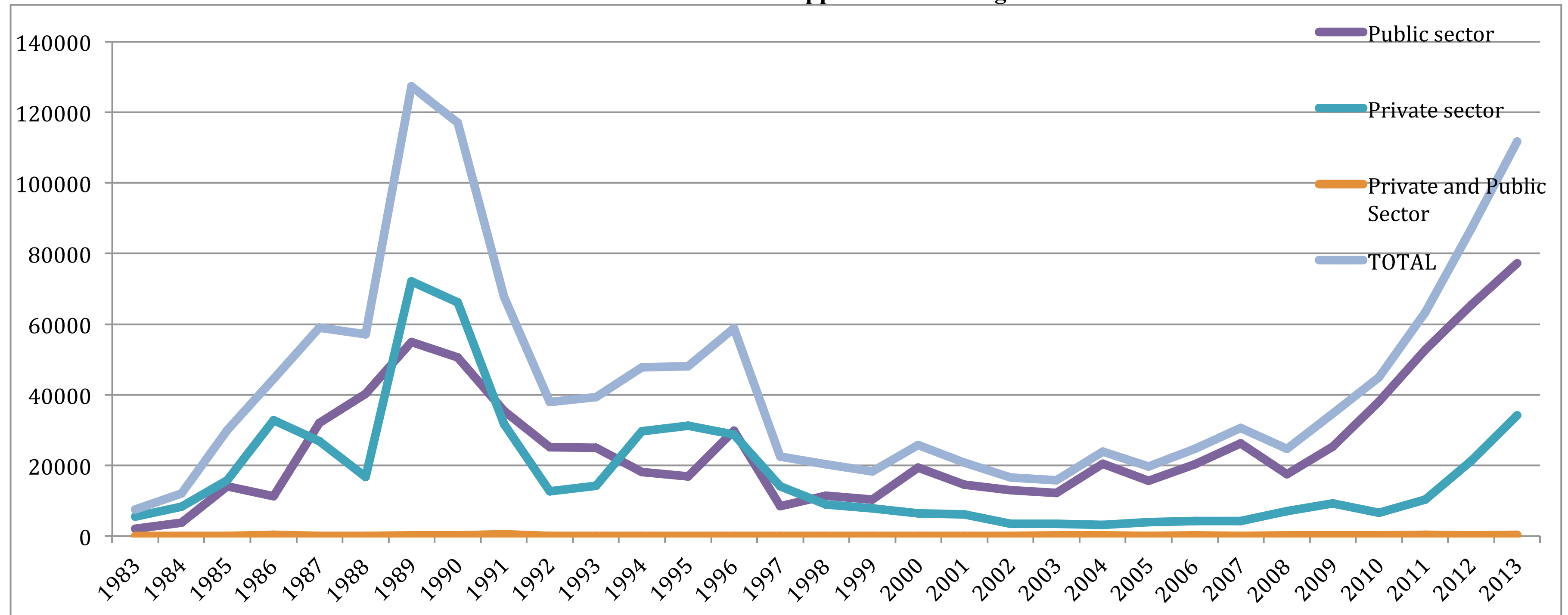
[166] Personal Compilation from SAG- DIEESE (1983-2013). DIEESE identifies different types of strikes and defines them as such: 1) Advancing Conditions at Work- This incorporates strikes calling for new achievements or advancing/ameliorating the working conditions;
- Maintenance of existing conditions - the maintenance of already established working conditions and / or in defense of minimum conditions of work, health and safety at work
- Non-compliance with law - against acts or intentions of employers that violate labor standards established in labor legislation;
- Breach of agreement - against acts or intentions by employers that violate labor standards established in agreement;
- Failure to comply with a judicial decision - against acts or intentions by employers that fail to comply with judicial orders;
- Protest - for reasons that go beyond the scope of labor relations. Protests are usually linked to the political issue or the strikes thus declared by the command;
- Solidarity - in support of movements of workers from other categories, companies or sectors. By leading mobilizations of this nature, strikers may not have immediate interest in the agenda items defended by the workers they support.

Chart 21 : General Character of the Strikes in Brazil 2002-2013[167]



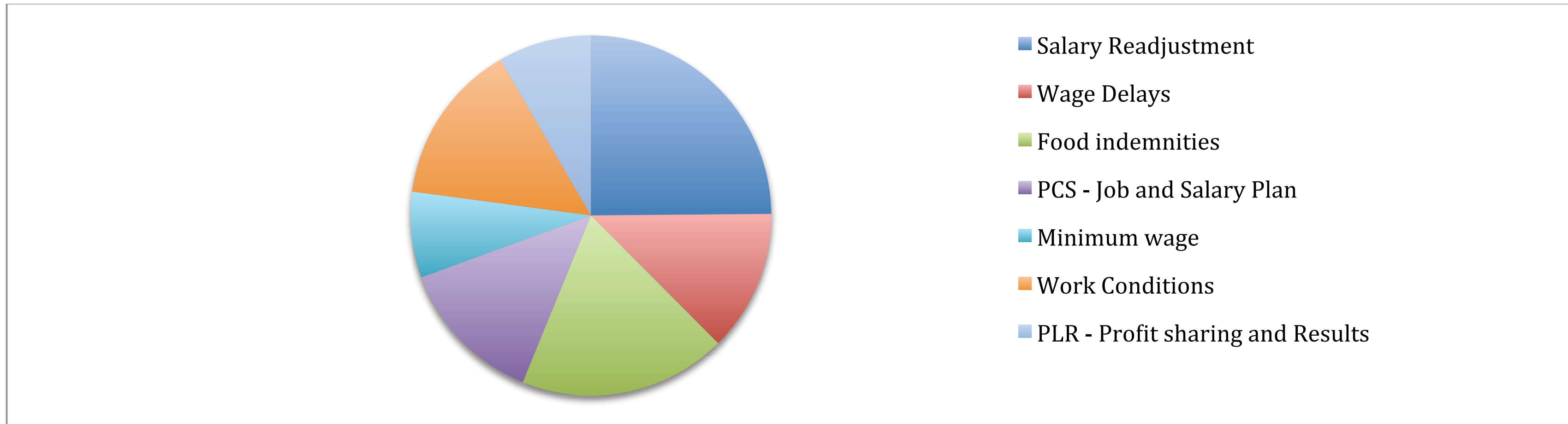
[167] Personal Compilation from SAG- DIEESE (1983-2013)

Chart 22: Total Number of Hours Stopped During the Strikes: 1983-2013 [168]



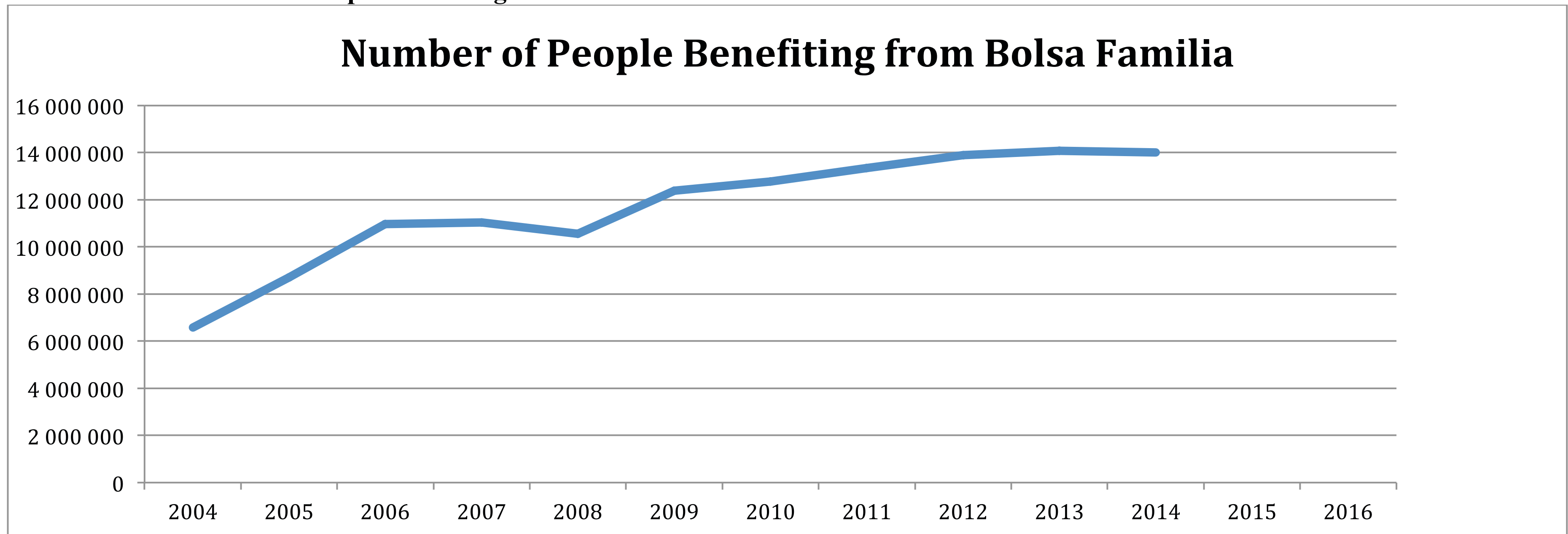
168 Personal Compilation from SAG- DIEESE (1983-2013)

Chart 23: The main demands in the 2013 strikes in Brazil[169]



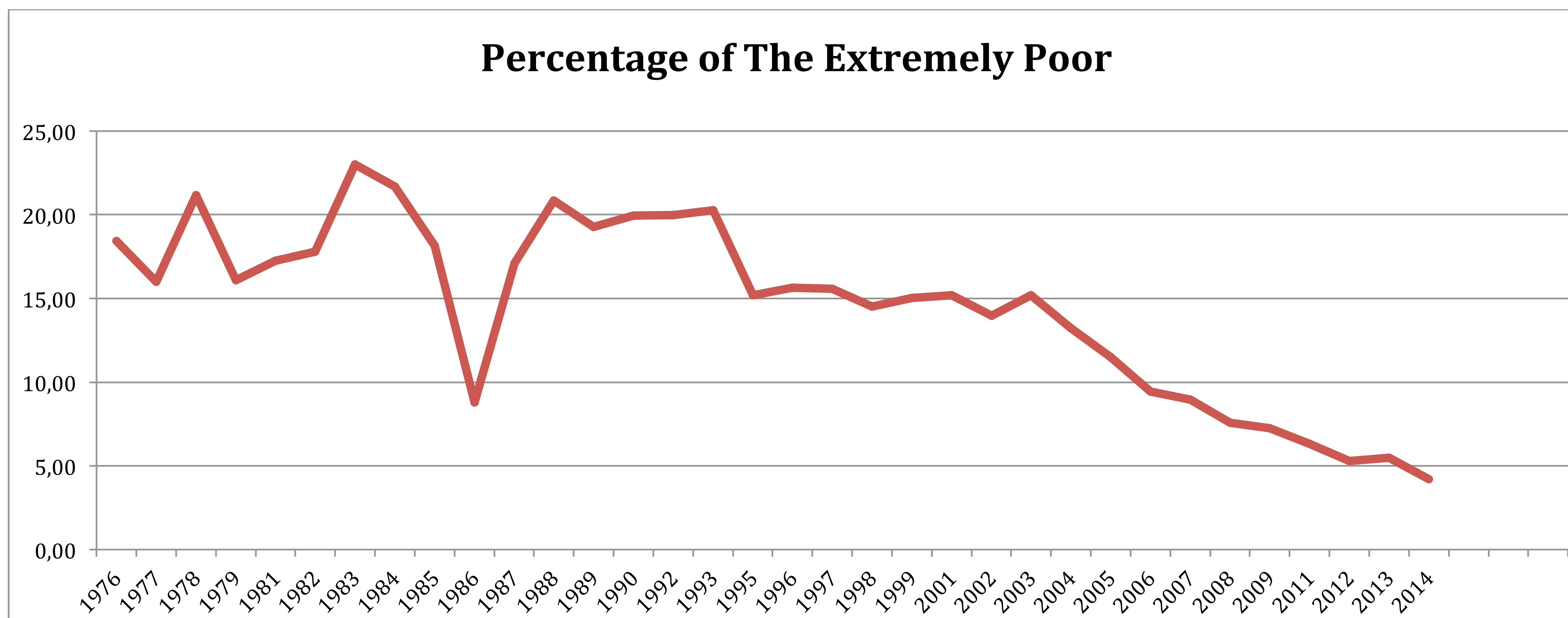
[169] Personal Compilation from SAG- DIEESE (1983-2013)

Chart 24 : Number of People Benefiting from Bolsa Familia. [170]



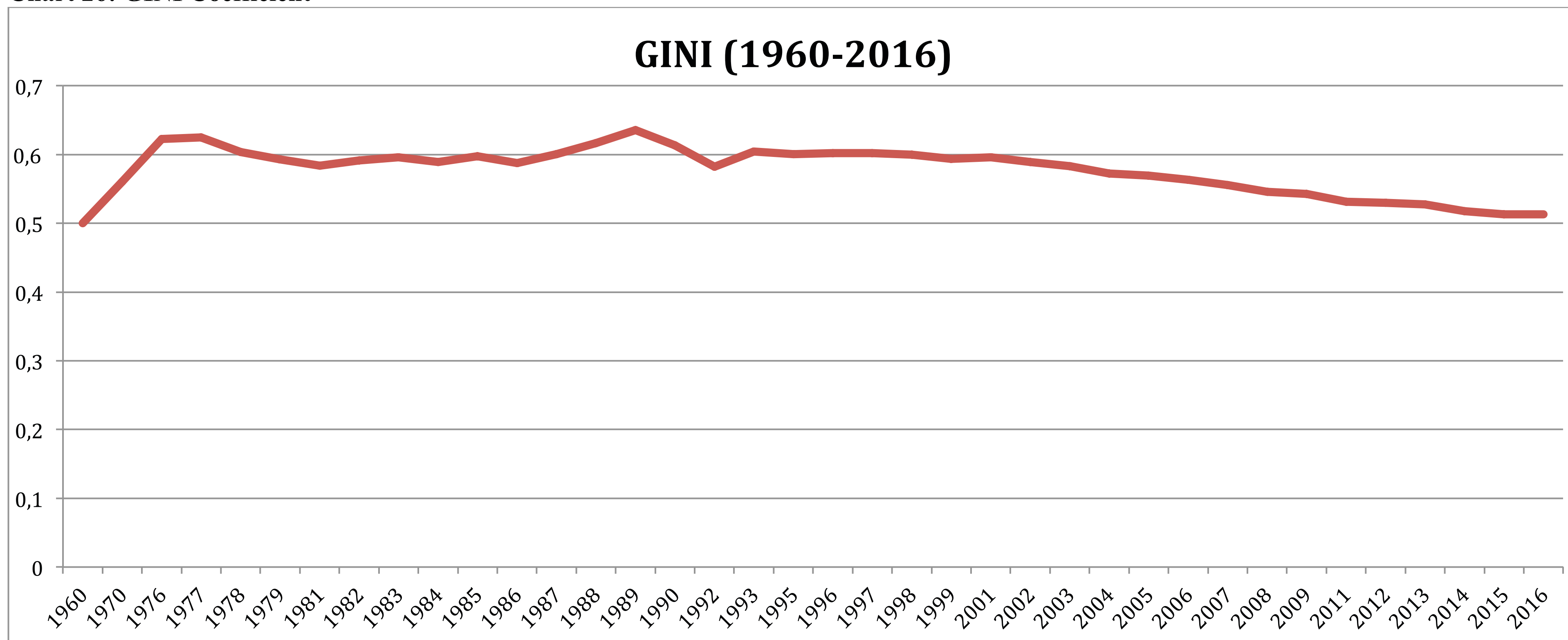
[170] **Adapted from IPEA http://www.ipeadata.gov.br/Default.aspx (Accessed February 11 2019)**

Chart 25: Percentage of The Extremely Poor[171]



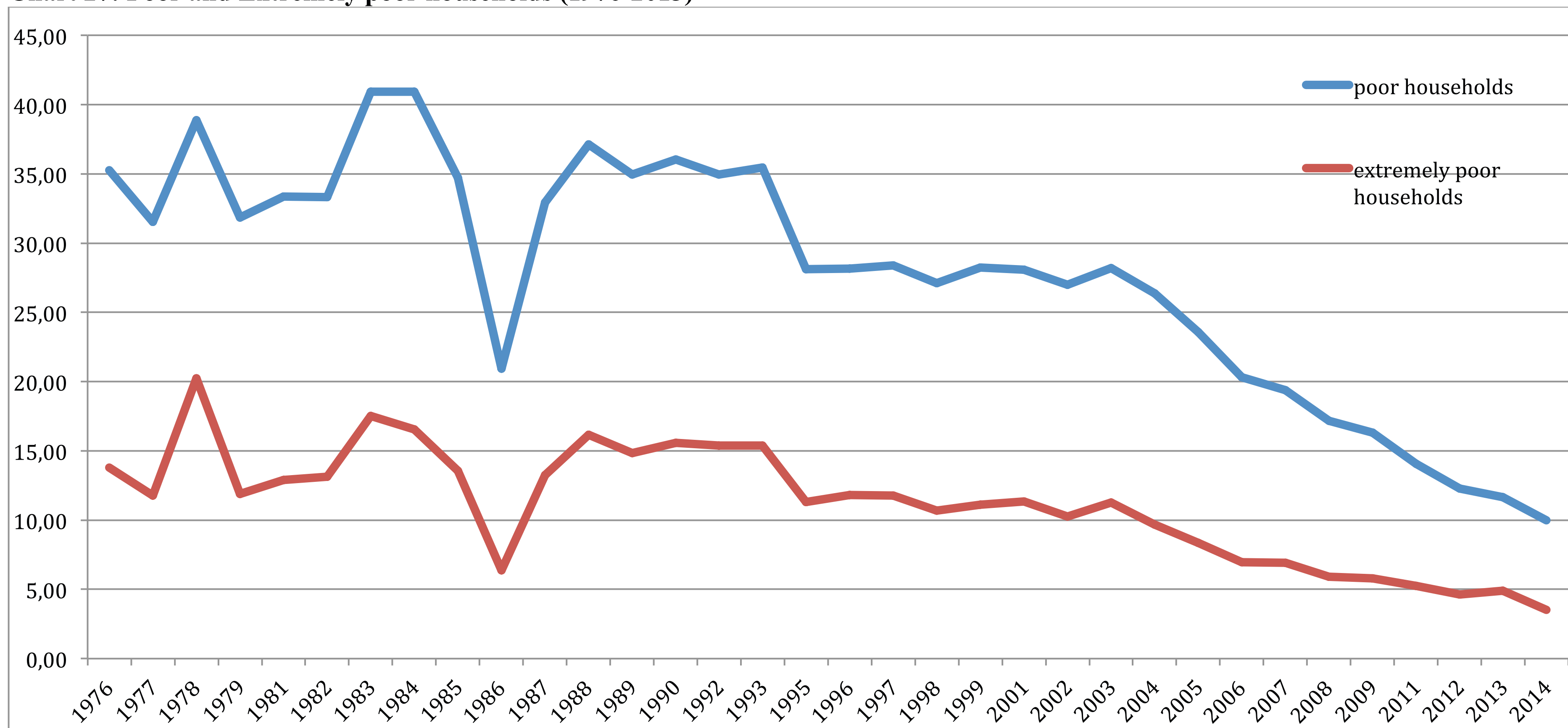
[171] Adapted from IPEA http://www.ipeadata.gov.br/Default.aspx (Accessed February 11 2019)

Chart 26: GINI Coefficient [172]



[172] The GINI data according to Skidmore (2004) starts in the 1960s when the first census was conducted. For Data on the 1960s and 1970s decades (See IBGE 2006) : https://biblioteca.ibge.gov.br/visualizacao/livros/liv37312.pdf
For the 1960s Data, IBGE notes a discrepancy between the resources see : https://biblioteca.ibge.gov.br/biblioteca-catalogo.html?id=284590&view=detalhes
For Data between 1976 and 2014 see Ipea : http://www.ipeadata.gov.br/Default.aspx
For the last two years on this chart World bank data : https://data.worldbank.org/indicator/SI.POV.GINI?locations=BR

Chart 27: Poor and Extremely poor households (1976-2013)[173]



[173] From IPEA : http://www.ipeadata.gov.br/Default.aspx (Accessed February 11 2019)

Chart 28 : Unemployment Rate (1972-2017) in Brazil[174]

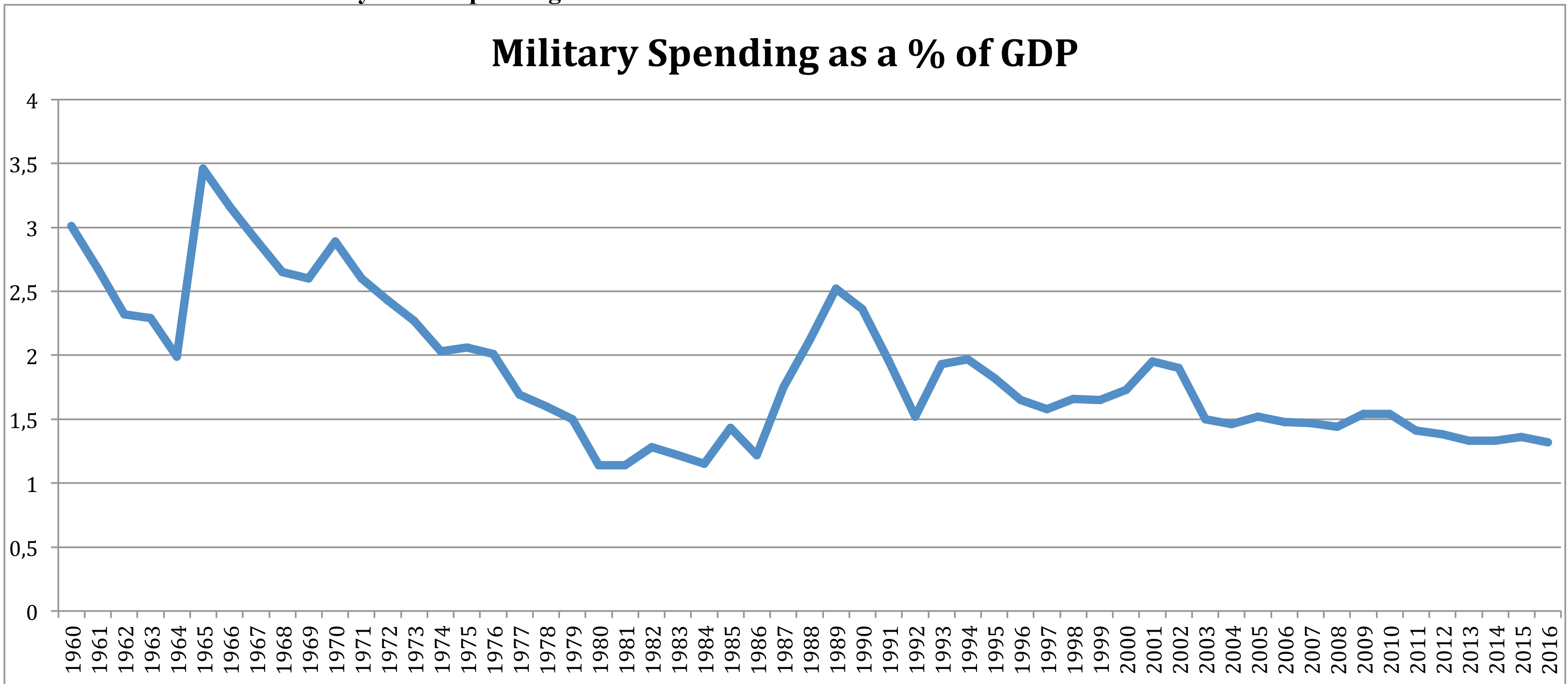
[174] Data for the years between 1972 and 1979 is based on Alexandre 2003 and the World Bank. The data for the years between 1980 and 2017 is based on CEPAL: https://estadisticas.cepal.org/cepalstat/Perfil_Nacional_Economico.html?pais=BRA&idioma=english

Table 5: Centrals in Brazil as of 2016, Affiliated unions and Affiliated Workers[175]

Central	Unions		Number of Affiliated Workers	
Central	No	%	No	%
CUT- Central única dos Trabalhadores (Unified Workers' Central)	2 319	21,22	3 878 261	30.4
UGT- União Geral Dos Trabalhadores (The General Union of Workers)	1 277	11,69	1440 121	11,29
CTB- Central dos Trabalhdadores e Trabalhadoras do Brasil	744	6,81	1286 313	10,08
FS- Força Sindical (Union Force)	1615	14,78	1285 348	10,08
CSB – Central dos Sindicatos Brasileiros (The Central of Brazil's Unions)	597	5,46	1039 902	8,15
NCST- Nova Central Sindical dos Trabalhadores (The New Union Central of The Workers)	1 136	10,4	950 240	7,45
CSP-Conlutas	105	0.96	286 732	2,25
CGTB- Central Geral dos Trabalhadores do Brasil	217	1,99	239 844	1,88
CBDT - Central Brasileia Democrática dos Trabalhadores	94	0.86	85 299	0,67
PUBLICA	21	0,19	16 580	0,13
Intersindical	1	0,01	1 739	0,01
Central Unificada dos Profissionais Servidores Públicos do Brasil	3	0,03	875	0,01
UST- União Sindical dos Trabalhadores	6	0,05	791	0,01
Without declaration or affiliation	2791	25,54	2 245 076	17,6
Total	**10 296**	**100**	**12 757 121**	**100**

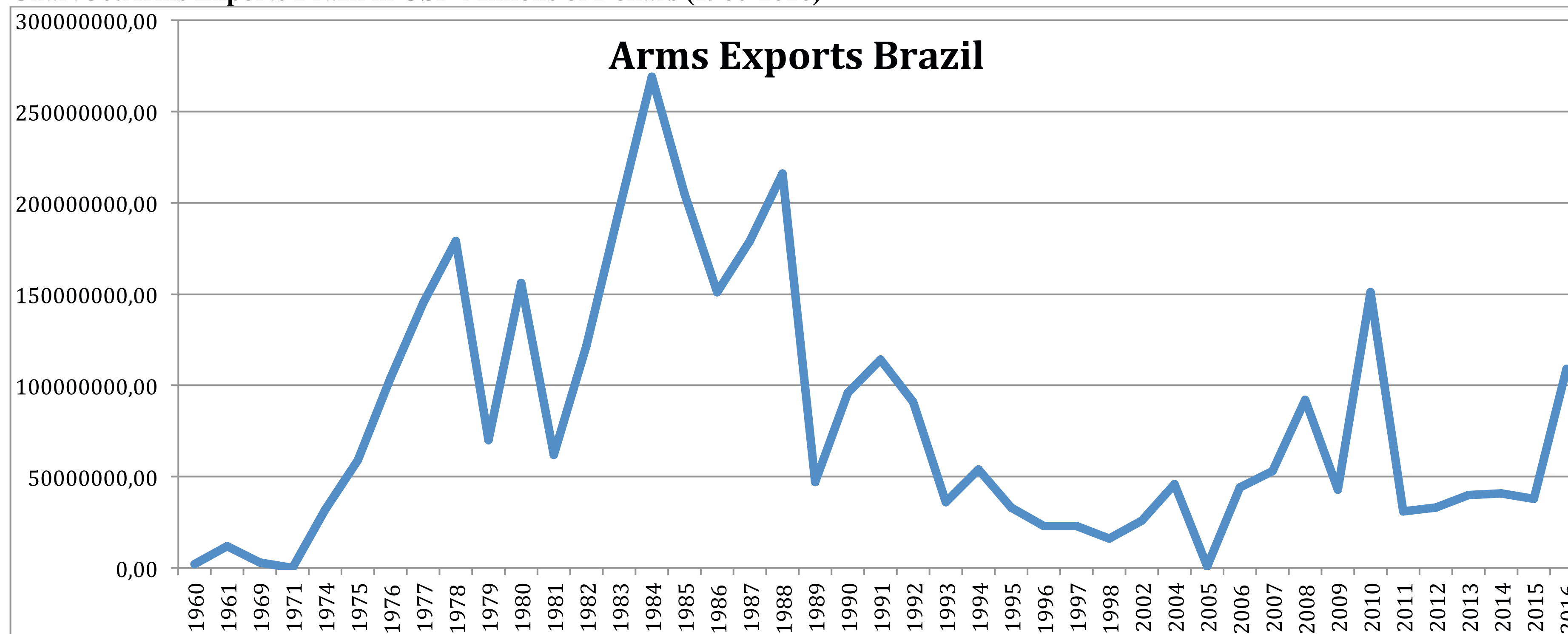
[175] Adapted from Krein (2016).

Chart 29: Military Spending as a % of GDP in Brazil [176]



[176] Adapted from Index Mundi : https://www.indexmundi.com/facts/brazil/military-expenditure#MS.MIL.XPND.ZS

Chart 30:Arms Exports Brazil in USD Millions of Dollars (1960-2016)[177]



[177] Adapted from Index Mundi : : https://www.indexmundi.com/facts/brazil/military-expenditure#MS.MIL.XPND.ZS