

AGRICULTURAL DEVELOPMENT OF EGYPT

A study in the development of dependant capitalism

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Major paper presented to the
Department of Economics of the University of Ottawa
in partial fulfillment of the requirements of the M.A. Degree

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Ottawa, Ontario

November, 1988

Acknowledgements

I am indebted to a great many people who have been associated with this work. I would like to thank all of them, but I know I cannot. Therefore, Special thanks goes to Professor Michel Chossudovsky whose diligence and care were responsible for much of my guidance in the last few years. His is a lifelong indebtedness that I hope our friendship will compensate for. To Professor Jacques Henry whose perseverance have taught me a great lesson. To Many professors in the department of economics who had me as their student and gave me their wisdom. To Luce and Mireille who have been most helpful.

To my friends and *rifaq* I am very grateful for understanding and forgiving my absence when I was needed. To them I say the road is long and arduous. There will be many other chances. To Raza Rizvi and Charles Dubé I am grateful for a million things, but mostly for knowing them and laughing with them. I am fortunate to have them as my friends. To Suzanne I am thankful for a much needed ray of sun. Her ever present smile was a god send.

To my father's memory whose death was far too soon but his achievements many. To my mother who was with him for us all and with us forever and always.

Finally, to a great friend, who shall remain unnamed, I owe the greatest debt. She was there through all the pain and she chose not to share with the joys. She will, forever be remembered for her kindness, love and autumn walks.

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INTRODUCTION

" The old peasantry is not only 'differentiating' it is being completely dissolved, it is ceasing to exist, it is being ousted by absolutely new types of rural inhabitants-types that are the basis of a society in which commodity economy and capitalist production prevail. These types are the rural bourgeoisie (chiefly petty bourgeoisie) and the rural proletariat-a class of commodity producers in agriculture and a class of agricultural wage-workers"¹.

The nature of the peasantry has always been a debatable question. Whether the peasantry belongs to a certain class or forms a separate class, whether the underlying social relations follow the "general laws of motion of capital" or not has also been open for interpretation. The type of feudalism, or more precisely, the type of social relations have changed from one area to another. An European manorial feudalism, an Asiatic despotic feudalism and other "feudalisms" have been identified. The one thing that has received a general consensus is that accumulation occurs at any one stage and creates alongside it a set of contradictions, usually between the classes that constitute the dialectics of production via the predominant social relations.² Once these contradictions have come to be, then, given certain conditions, a transition to another stage of social production occurs, often violently. The conditions

necessary for such transition are, themselves, a source of great debate.

These debates however have not been wholly contradictory nor purely Byzantine. They have resulted in a wealth of literature that takes the historical development of the socio-economic conditions of a society as the backbone of its overall development.³ Against this very brief sketch and taking the same historical approach but going nowhere near the details of necessary objective and subjective conditions for the various transitions to occur this paper looks at the development of the agriculture sector in Egypt as an example of the evolution of a developing economy from self sufficiency to disarticulation and dependence.

One of the oldest civilizations on earth, famous for its pyramids, among other things, Egypt has had a dynamic and varied history. From the days of the great pharaohs, Egypt has been conquered by many armies. The Hittites, Assyrians, Persians, Greeks, Romans, Byzantians, Arabs, Ottomans, French, English, and partly the Israelis have all occupied Egypt fully or partially at one period of time. It was the Arab occupation however that was responsible for giving Egypt its contemporary visage. In terms of economic impact on today's Egypt, it was British colonialism that had the more lasting effect. Around fifty million people live in Egypt, most of whom in rural areas. Only a small portion of it is

populated and cultivated. It has major debt problems, overpopulation, unemployment, lack of arable land, underdeveloped productive sectors and so many of the other problems facing developing countries currently. Not unlike many of these countries, since the early seventies, Egypt began acquiring an added feature to its developing characteristics. There developed a greater emphasis on sectors in the economy outside the circle of productive sectors in the classical sense (ie. Agriculture and Industry). Therefore tourism, services, insurance, banking and similar activities have seen more growth than have agriculture or industry.

Today, about 83 percent of Egypt's foreign exchange is obtained from oil receipts, tolls charged for passage through the Suez canal, earnings from tourism, remittances from Egyptians working abroad and from loans and gratuitous subsidies.⁴ It is only the rest that comes from industrial and agricultural production and various services. Another important point about today's Egypt is its dependence on the West for its food imports. This dependence, we hope to show, is the result of the dramatic changes that has shaped and reshaped Egypt's economy. These changes constitute the transitions, transformations and continuities which are the subject matter of this paper.

The dominance of the rentier aspect of the Egyptian economy has caused much negligence of the productive sectors in terms of

development policies. Industrialization and urban development have had their share of consideration. The reasoning of development economists of the post-war period dictated an overemphasis on the development of the urban centres. It was thought that, by building the urban centres and industrializing the economy, excess labour from the rural areas would be absorbed in the newly developed centres. Consequently and with a rise in employment and productivity -mainly due to mechanization- a trickle down effect would result in the improvement of the standards of living of the rural peasants. The industrial sector was therefore "looked after" more carefully than other sectors. The agricultural sector, the largest in Egypt has been deteriorating for many reasons. Through the transitions, transformations and continuities we hope to shed a light on the reasons and processes that has led to this deterioration.

The most persistent theme in Egyptian agricultural development has been the central control over most aspects of production, marketing and maintenance of this the largest sector of the economy. Throughout its evolution and its various ebbs and flows agriculture has been centrally controlled. It is this theme of centrality that is revealed in the paper and where this centrality weakened it caused major disruptions to agricultural development. This is noticeable in the various crisis in agriculture and external interventions and occupations that follow. The most important of these crisis is the one that

occurred in the year 1882 marking the official end to state ownership of land and bringing private property relations to the fore and with them consolidating capitalist development in Egypt.

The first chapter looks in some details at the agricultural development of Egypt from Antiquity to 1952. Several stops are made along the way notably Ottoman rule, French occupation and the Orabi revolt and the ensuing British occupation. Social relation and land tenure forms are studied and an explanation of their evolution is offered. The disintegration of central state control and the introduction of capitalist forms of production is emphasized. The technicalities of land tenure are discussed in order to both emphasize the centrality and state ownership theme and to set the stage for the transition to capitalism.

The second chapter explores the development of agriculture in the Nasser era taking the "great reforms" as a milestone in socializing agriculture. Land redistribution, cooperatives, pricing policies and other "socialist reforms" are shown to be short of true socialist reforms and capitalist relations of productions are shown to have been maintained. The large landlords lost their private property to small peasants but the state maintained the mode of production of pre-revolution Egyptian agriculture. The second part of the chapter explores the disintegration of the agricultural sector. It sheds some light on the maintenance and development of export oriented cash

crops that were embarked upon a century earlier, and the consequent deterioration in food crop production. The Infitah (open door policy) is shown to have brought Egypt into more dependence on the West, notably for finances, services and finished products but most importantly for food. Until 1974 Egypt had been a net exporter of agricultural goods. After 1974 it began building a deficit in this account and now imports some 75 percent of its wheat needs and some 60 percent of its foods. The newly developed service oriented features are revealed in this last chapter and its consequences are explored in the conclusion. The role of workers remittances and oil having become the most important source of foreign exchange (Add to that the great amount of aid) is explored more clearly in the conclusion.

Notes to the Introduction

1.V. I. Lenin Collected works, vol. 4 (Moscow: Progress Publishers, 1972), 174, quoted in Alain De Janvry The Agrarian Question and Reformism in Latin America (Baltimore: The John Hopkins University Press, 1981), 99.

2.By dialectics of production we mean the social relations between producer, consumer, wage earner, capital owner and all those involved in the lifecycle of a commodity.

3.The literature on the subject is extensive. Here we will mention Samir Amin's Unequal Development (New York: Monthly Review Press, 1976) and Accumulation On A World Scale (New York: Monthly Review Press' 1974), André Gunder-Frank's Capitalism and Underdevelopment in Latin America (New York: Modern Reader, 1969), Paul Baran's The Political Economy of Growth (New York: Prometheus Paperbacks, 1960), Paul Sweezy's The Theory of Capitalist Development (New York: Modern Reader, 1942), and Arghiri Emmanuel, ed., Unequal Exchange (New York: Modern Reader, 1972).

4.Michele Kamel, "What Happened to Egypt" World Marxist Review (March 1984): 60-65.

Chapter I

AGRARIAN STRUCTURES AND REFORMS ANTIQUITY TO 1952

The Nile, the gift of Egypt, had been the *raison d'être* of Egyptian agriculture and in many ways of Egypt itself. It is only the territory that is around the Nile that is cultivated and inhabited. The strip that constitutes the Nile valley is only about five percent of territorial Egypt. This unalterable geographic reality has placed Egypt's agriculture and therefore its food source and people's security at the mercy of the great river. The rise and fall of the Nile have necessitated the creation of irrigation and drainage systems early on in the life of the valley. From the days of the pharaohs such systems have existed. Their construction cost and management have dictated from the beginning that their ownership be in the hands of large landowners or the state. The centrality of the authorities that guided Egyptian agricultural developments has been the dominant theme throughout history. It has been a major determinant of landholding and distribution. The other major factor has been, as in many other places, the self appointed authorities' right to distribute land as it sees fit.

1.1 PRE-OTTOMAN AGRICULTURE

Due basically to its natural endowment and to the experience of its people in agricultural production and due to the extensive infrastructure that was built around the Nile, Egypt was truly the bread basket of the region. Its food products were so abundant that export of food was the norm and migration into the valley was frequent.

Prior to the Arab conquest, "the dominant feature of social formations [in Egypt] was peasant tributary and not urban-mercantile."¹ During the Greek and the Byzantine eras and to a much larger extent under Arab dominance, when long distance trade flourished, an urban mercantile civilization appeared. This appearance, however was temporary. The constant integration and disintegration of the Egyptian economy into and from a larger economy, that of its occupier, reflected itself in parallel internal dynamic movement between town and country, the former associated with the "external forces" and the latter with the "internal forces". The permanent peasant base insured a continuity in agricultural production on which the Egyptian feudal class could fall back if the new source of wealth was to run dry.²

Egypt became a great trading centre only in the Eleventh Century with the transfer of the centre of power from Abbasid Baghdad to Fatimid Egypt. Prior to that period Egypt's role as an agricultural power is attested for by more than just the great irrigation and drainage networks but also by its role as an exporter of food products. Egypt, "the granary of Rome", prompted special protection from the Ceasars, basically against any notables or senators whose conspiratorial whims may lead them to use Egypt's food source as a mutinous weapon against their master. Indeed the rich food source of the Nile valley and the delta had prompted many, prior to the Romans and after, to conquer Egypt. Its agricultural might was recognized not by its conquerors alone but by its leaders as well.

Agricultural surplus afforded the Pharaohs their luxurious life style and their exorbitant monuments. The Nile's control of water plateaus, its seasonal rise and fall and threats of salinity combined with the despotic nature of the pharaohs to make the initiation, development and maintenance of agriculture centrally controlled. Despite some periods of disintegration of central power, and therefore of control over agriculture, these periods almost never lasted long enough to warrant discussions outside the dominant centrality. Ownership and holding of the land have taken turn as two forms of land tenure throughout

history again with centralism as the guiding principle. Where ownership was involved, it was by the King (Pharaohs) or his closest family and where holdings were involved, the land belonged to the state and used by notables favoured by the central ruler. That Egypt had always had strong central military governments helped to maintain this order of affairs. Drawing on the works of several historians Abdel-Malek Summarizes the question of ownership of land as follows.

"...So, then, as God and as the actual master of the sources of irrigation and of labor, the Pharaoh was the sole owner of the land in Egypt. As the sole owner the Pharaoh was progressively led to surround himself with agents, if not with allies. These agents were ministers, administrators of districts and priests... under Ramses II, there was a three way-division of land between the king, the priests and the worriers. A first manifestation of private ownership of land occurred under the Middle Kingdom, but it seems certain that it was of short duration, for the triumph of the Theban dynasty restored the Pharaoh's monopoly of landed property."³

The "Granary of Rome" was good to its cities as well. By the arrival of the Muslims (the Arabs had been in Egypt a long time before Islam), large cities like the Fustat (later known as Cairo) with sprawling artisanal industries and small manufacture had existed. The Egyptian cities however were not anywhere near the cities developed in other regions of the Middle East like Baghdad and Damascus. Having been, each in its turn, the seat of government of the Arab-Muslim empire, architectural, cultural and

other developments associated with great urban centres had favored Damascus and Baghdad more than Fustat. However, with trade shifting its centre from Baghdad to Cairo in the Fatimid period growth took a turn for the better. Cairo then became a great trading centre and agricultural exports took on an added importance. Until the portuguese discoveries of alternative trade routes to the east Cairo remained the necessary calling port of all trade between the East and Europe. Europe was receiving spices, drugs, perfumes and silks from the East, and Egypt's main commercial exports to Europe were wheat, luxury articles, such as silk, and some raw materials for European manufacturer, such as alum and flax. Egypt's trade, however, was not restricted to Europe. Throughout the Eleventh Century and afterwards, trade between Egypt and Europe on one hand and Egypt and the East on the other flourished to become one of the leading activities, despite of its intermediary nature. Trade, of course, extended south to the Sudan and Central Africa with their rich and enticing gold supplies. During the Thirteenth and Fourteenth Centuries with the trade moving from the Orient to the Mediterranean, the centre of trade moved to Alexandria and other northern port cities. At these periods some additional items had been added to the trading list.

"In addition to slaves iron, copper, gold, silver, arms, timber, grain and textiles were brought to Egypt by western merchants. Ships from the east, above all India brought spices and drugs, precious stones, pearls, ivory, porcelain, dye stuffs, rare woods, muslin and cotton textiles. They returned home with gold silver, copper, quick silver, coral, rose water, linen, silk, camletts, tafetta and other wares. The main Egyptian products offered on the internal and external markets were: textiles, sugar, paper, leather, grain, flax and other agrarian products, various food stuffs, as fish of different kinds, including salted fish, poultry, salt, oil, dates, alum, carpets and metal goods".⁴

The discovery of other trade routes coincided with Ottoman rule over Egypt. By 1517, Egypt had become a province of the great Ottoman empire and its commercial heydays were over. These heydays are precisely what oriented Ottoman eyes on Egypt.

1.2 AGRICULTURE UNDER THE OTTOMAN RULE

Egypt's role as a bread basket continued through Ottoman rule. Egypt "supplied foodstuffs to Istanbul, the holy places of Arabia, Rumelia, Anatolia and Syria".⁵ It also continued to be a major centre of trade between Africa, Arabia and West Asia on one hand and Europe on the other. This triangular trade was instrumental in maintaining the flow of foods to Istanbul and Europe. Egyptian agricultural foodstuffs were not the only items that passed through this entrepôt. Indian cloth and spices, Yemeni coffee and some raw materials for manufacture figured

among the more important transit-products.⁶ Raymond estimates that government revenues were split in half between agricultural revenues and taxes on trade.⁷

The food exports to Europe were, however, handicapped by a lack of stability in demand and supply. The unpredictable behaviour of the Nile had necessarily varying and unpredictable consequences on crop yield and food supply. On the other hand, the seasonality of European famine had, similarly, unpredictable consequences on food demand. These two worked together to render the food trade more and more frail. With the decline in income from coffee trade and other exports, the trade deficit running parallel to a decline in the flow of sudani gold contributed to the depreciation of the currency.⁸ The ruling class was now in need of more revenue to maintain the same standard of living especially insofar as importation of luxury products and arms were concerned.⁹ An understanding of the agrarian social structure sheds light on the government's demand for revenue.

1.2.1 LAND TENURE DYNAMICS UNDER OTTOMAN RULE

Contrary to their previous practice, the Ottomans, when they took over Egypt, did not distribute the conquered land to favored leaders of the military and government who played important

roles in the conquest. The tradition was to distribute lands in the form of land grants or timars.¹⁰ They, instead, tried to establish a central structure headed by bureaucrats whose function was to remit all taxes to the high porte. These salaried bureaucrats proved to be inefficient and an alternative setup was sought albeit prompted by the state fiscal crisis caused by declining trade. The land was then granted to provincial administrators known as Amins. Amins appointed agents, usually a Mamluk who collected the tax and gave a fixed sum to the Amin and pocketed the rest (the Fa'id). The whole system was called Iltizam and became the predominant structure of the early Seventeenth Century. Richards identifies five legal land tenure forms other than Iltizam, which was technically state owned. These categories are (1) Mulk or private personal property, (2) Waqf or land owned by mosques and other religious or charitable organizations, (3) Mawat literally dead or uncultivated land, (4) Matruk or land used for grazing by the whole community, and (5) Khushufiyya or plots used by highly placed government officials as a source of revenue.¹¹

The use of Iltizam land was divided between the multezim (the supervisor appointed by the landholder) and the peasant. Land used by the Multezim ('Ard-el-Usya) for his own personal income, usually hiring wage labour, constituted 10 percent of

'Ard-el-Fellah or the peasant's land. 'Ard-el-Usya was cultivated by hored labor and the peasant's land was cultivated by the peasant who in turn paid a variety of taxes to the Multezim.

" By the end of the eighteenth century state land was almost universally distributed throughout Egypt in the form of Iltizam and fell into the hands of the wealthiest and most powerful men, most of whom were mamluks. Of 6000 multezims it was estimated that 300 were mamluks who held more than 2/3 of cultivated land."¹²

1.2.2 SOCIAL RELATIONS UNDER OTTOMAN RULE

The Mamluks surrounded themselves with small armies to fend off other Mamluks who might be interested in their properties. They also maintained the tradition of purchasing luxury goods which were regarded as symbols of prestige and power and were used to maintain loyalty of followers. The demand for such luxury goods and arms were quite inelastic. With the decline of currency, therefore, the requirements for monetary resources were on the increase. Not unlike the feudal lords of Europe the Mamluks found themselves having to tax the peasants more. The peasants (Fellahs) who worked the land in the first place paid their taxes in cash or in kind depending on the crop. These taxes increased by 35 percent from the sixteenth to the eighteenth century.¹³ Other taxes were also levied. The cost of

tax collecting, of feeding the Multezims and their entourage when they visit and the cost of transporting the taxed goods to the market were all the peasant's responsibility.¹⁴ The situation for the peasant became more and more intolerable. Tax collection at harvest time was described by Shaw as a "large scale raiding operations with resultant depopulation, famine and devastation."¹⁵

Attempting to answer the obvious question why were the Mamluks killing peasants who figured as their major source of income, Hansen reasons that there was an "optimal rate of taxation" that the Multezim was applying. This rate was the rate which would allow the maximum long-run revenue. This implied that the peasant would be taxed just below the level at which he would abandon his land.¹⁶ Precarious subsistence conditions were, therefore, imposed on the peasant via the heavy use of burdensome taxes. Cooperation between Mamluks to reduce their expenses on luxury goods and arms was ruled out. Lack of trust and fear of the decline of one's prestige by the diminishment of his luxury possessions made the possibility for such an accord remote. Since if any of the Mamluks involved in such an accord was not to honour his part (by purchasing more arms for example) the results would be disastrous for the other Mamluks. This was likened to a prisoner's dilemma by Hansen.¹⁷ The dilemma was only resolved

when a crisis in the Mamluks' rule came to be. The crisis was mainly caused by fiscal deficits arising from the discovery of alternative trade routes by the Europeans, adversely affecting all Mamluks alike.

The peasants, however, could not have existed without some form of resistance to the intolerable state of affairs. Many peasant revolts that have occurred in this period have been documented by historians. Such revolts have been however repressed with great force. Not until the Urabi revolt of the late Nineteenth Century could any of these revolts present a real threat to the established order. Vatikiotis best describes the situation of peasant revolts at the end of the Eighteenth Century.

"Rebellion was practically endemic. Peasants and tribal uprisings were so violent - and occasionally well organized - that civil war broke out between the Huwara tribesmen led by their Shaykh Human in upper Egypt and the troops of the Cairo Mumluk Beys, which lasted on and off for over thirty years (1736-69). It practically detached upper Egypt from the rest of the country when Humam set up his own government."¹⁵

Social relations in the village were developed by the peasants in such a way as to afford the maximum protection possible under the reigning unfavorable conditions. This protection, small as it may have been, came in two forms. First,

peasant land was held communally but distributed annually after the extent of the Nile flood became apparent (since the level of the flood determined the available cultivable land in most areas of severe floods). As such, no distinct boundaries were established and land was distributed by the village Shaykhs (a type of authority along the line of a mayor, usually an elder with much prestige, chosen by the Multezim to represent him) according to their assessment of the amount of land a family could cultivate. In regions where boundaries could be established, families cultivated fixed plots of peasant land and paid investiture tax on the land. Failure to pay such tax cost the peasant his plot. But the village maintained the plot as peasant land and the shaykh allocated the plot to another peasant. Second, the contact between Mamluk and Shaykh on one side and peasant on the other was minimal. Whether the land was peasant cultivated or worked by corveé labour, Mamluks saw little of their "subjects". Tax collection was the responsibility of the Shaykh and he considered the village as a whole as being responsible for taxation and for the corveé. Punishment for decline in tax revenue was flogging of peasants by the Shaykhs but also of the Shaykh by the Mamluk or his agents. The Shaykh, therefore, hoarded both money and crops, when he could, to even out the expected tax sum to avoid flogging. When the pressure was too great on the peasant he fled the land and was simply replaced

by another. The isolation of peasants from their masters led to some stability in rural social relations and "the crisis of Mamluk society led to quantitative regression but not to qualitative transformation."¹⁹

The Agrarian social structure under the Ottomans, therefore, developed a form of feudal landholding structure similar to that of Europe in some respects. It brought about two types of peasants; the landless who was employed as a paid laborer and the fellah who cultivated his "own" piece of land "Ard al Fellah" and paid heavy taxes to be allowed to do so. Both peasant types were subjugated to the feudal lord's authority-the Multazim. The two sides were however significantly alienated. An impressive structure of agents and subagents was set up to run the show from tax collection to payment of labour to control of irrigation and drainage structures. The difference between European feudalism and that which existed in Egypt was in the latter's centralist character. Despite the quasi independence of the Mamluks their main function remained collecting taxes and sending them to the high porte.²⁰ Furthermore, Egypt's landlords had no right to bind the peasant to the land and could replace him anytime if he wished. In fact, the threat of dismissal was often used to coerce the peasant into more exploitative activities.

The debate on what type of pre-capitalist mode of production the Middle East has had is an old one. It is also an unresolved one. Samir Amin was among the first to address the issue. For him feudalism was a special case of tributary mode.²¹ The tributary mode is for Amin the general description of Arab history. The only exception being Egypt due to its natural agricultural base. Since, in his discussion of the tributary mode, Amin puts more emphasis on trade rather than on agricultural production, his treatment remains somewhat incomplete. Production being the normal "locus of conflicts" from which political economists work it is the mode of such production that should be studied. Egyptian feudalism due to its centrality and oppressiveness of its rulers has been compared by Amin to that of China's feudalism via the old Asiatic mode of production. Comparing and contrasting China and the Middle East should give an insight into the latter's type of feudalism.²²

Both countries have had strong central authorities and both have an agricultural base surrounded by deserts and mountains and susceptible to nomadic attacks. In both areas tax farming was dominant, tax collection was violent and both did no private property of land per se existed until the colonialist era. Where the differences begin is where the controversy arises. China's tax collectors and agrarian bureaucrats were chosen by

examinations and were periodically moved from one region to another so that they would not develop an interest in any one particular area. Egypt's (and note that we speak of Egypt and not the whole of the Middle East since Egypt has unique characteristics in terms of continuity of the central agrarian authority) were always chosen by the beneficiary or supervisor responsible for cultivating the land and remitting the tribute to the centre. These bureaucrats tended always to be chosen from the higher peasants (nobility) and were familiar with, and native to, the region and stayed in it without being moved around. The army in China did not historically play as important a role as in Egypt.²³ The army in Egypt has always been in power in Egypt and has had some high social status. Because of its dependence on the central authority for irrigation and drainage the Egyptian peasant was less organized and less consolidatory than his Chinese brethren.

A manorial system, serfdom and hereditary aristocracy, the basic descriptive features of European and Japanese feudalism are not, however, characteristic of neither the Middle East nor China. Feudalism, *tout court* is therefore best reserved for these regions. One further point that has to be emphasized is that the mercantile-tributary nature of Arab society does not apply to Egypt to the same extent as it does to the rest of that

society. The long standing and vigorous agricultural base and the involvement of exports of the agricultural goods of Egypt sets it apart and makes the feudalism-asiatic-other mode of production debate even more controversial.²⁴ Nevertheless, for the purpose of this paper what has preceded and what follows in terms of description of social relations should suffice even though it is not anywhere near what the subject deserves in terms of discussion.

1.3 MOHAMMED ALI'S AGRARIAN REFORM

With the beginning of the decline of the Ottoman empire, many events had come to pass and had influenced Egypt's history so as to transform the centre of power from Istanbul to Cairo. The discovery of other trade routes, decline of coffee trade etc... all contributed to the fall in revenues emanating from Egypt to Istanbul. Indeed the Ottomans many years before the war with Russia had began loosing their grip on Egypt. The various Mamluks had expressed varied degrees of separation from the Empire but kept sending in the taxes both in cash and in kind. Their preoccupation with building their own power in terms of armies and luxurious palaces gave way to disintegration of central power and rivalries among governors of various regions. The consequences for agriculture were tragic. A real crisis in

Egyptian agriculture had taken shape by the late seventeenth century. The Mamluk that dealt the first blow to Ottoman rule was Ali-Bey El-Kabir. By the year 1768 when the war broke out between the Turks and Russia Ali-Bey had established himself as Egypt's ultimate leader and had set up his closest allies as provincial governors. The preoccupation with the army and internal rivalries continued, however, to be a great drain on agriculture. Irrigation and drainage networks were neglected and no lands were reclaimed and no new technology was introduced.²⁵ The two year cropping system had exhausted the land and the peasants were at the brink of revolt for their increased exploitation was the only way the local Multezim could raise the increasing tax, now constantly in demand from Cairo. Indeed the peasants did revolt and their revolts extended beyond the thirty years period mentioned above. The death of Ali Bey in 1773 brought Murad and later Ibrahim Bey to power. Both were notoriously unscrupulous in their reign. By 1798 things had deteriorated to such a degree that peasant uprisings began to threaten the regime. The Colonial forces were concerned with these developments, particularly the French. Afraid of imperialist plots against Egypt, they concluded a trade treaty with Murad Bey. The French were concerned above all with their long-term plans in the region and still held Egypt as a valued trading centre and, although now weak, a potentially strategically important source of food. Murad, however,

abrogated the treaty and began dealing with the British. The French afraid of loosing the strategic Egypt invaded in 1798 and occupied the country for fours years.

"Thus the Mamluk rulers of Egypt were towards the end of the eighteenth century embroiled in the vicissitudes of Anglo-French imperial rivalry. England, on the one hand, was interested in Egypt because of India. France, on the other, hoped to curtail English supremacy in the East. In this sense the Napoleonic expedition to Egypt was a French attempt to gain the upper hand in this imperialist contest of hitting directly at English economic and strategic interests short of invading the British Isles."²⁶

The French invasion achieved two important tasks. It broke the last ties between Egypt and the Ottoman empire and it identified the first native Egyptians that were to form the national bourgeoisie. By destroying the military power of the Mamluks Bonaparte achieved his first task and by inviting local Egyptians, especially rural Shaykhs, to partake in a French-controlled government he accomplished his second. The political and administrative changes brought by the French are just too numerous to list. Suffice it to say that they set up the structure of a modern capitalist state and initiated the entry of Egypt into the world capitalist system.²⁷

An Anglo-Turkish alliance defeated the French in Egypt in 1801 and restored Mamluk power to Egypt. But the Ottoman Empire

had already deteriorated to a large degree and the new Mamluks were to last only four years of incessant infighting. Mohammed Ali came out of this struggle victorious. The first glimpses of nationalism had begun to appear. Taking the Europeans as his example and dissatisfied with Istanbul, Mohammed Ali began the greatest modernization campaign in Egypt's history.

To prop up nationalist Egypt against the high porte and remaining Mamluks Muhammed Ali needed a strong central army. Building and maintaining such an army naturally had its costs. The two main revenue sources of the time were taxes from agriculture and tariffs from trade. Instead of going to Istanbul these sources were now going to the coffers of Mohammed Ali's government. The only expected change would be a shift of trade away from the previous masters (now enemies) in Istanbul. The shift was made dramatically and towards western Europe. This shift, initially aimed at making Egypt independent from the Ottomans, simply diverted this dependency to the West. By 1823, 76 percent of Egyptian exports were going to Europe.²⁵ Agricultural taxes, as the second source of revenue, did not decline with Ali's advent. The Ottoman Iltizam system was dismantled and replaced with the Egyptian Ihtikar system, in order to insure proper tax collection and to protect the centralized power. The Ihtikar system was characterized by a tax

collection operation conducted directly by salaried government employees. In addition, under this system crop prices were fixed by the government below the market price.²⁹ Finally both external and internal trade were monopolized by Mohammed Ali. When the system was extended beyond traditional crops, two major events came into being, albeit gradually. First Egypt became well integrated in the world economy via the cotton trade, and second, the move contributed to the dramatic loss of the land of peasants -more specifically of land used for subsistence agriculture to land used for cash crops. The burden of managing a large bureaucracy such as that created by Mohammed Ali, coupled with the pressure from Europe, led to the abolishment of the central system and the subsequent sharing of power. This further led to the weakening of the protective social relations of the village. The combined effect was to create the social groups that were to carry Egypt into further integration into the world economy and to bring about new social relations, those of capitalist production.

When Mohammed Ali shifted his trade to western Europe his country's chief crop was wheat. However a sliding-scale tariff duty on grain imports in France combined with the corn laws of England could not allow for the generation of the revenue sought by the Egyptian ruler. Meanwhile, due to the mechanization of the

textile industries in Europe, the demand for long-staple cotton was high in that part of the world, and its price was between two and four times as high as Egyptian short-staple cotton. The way to go was clear and specialists were brought in from England to help switch from short-staple cotton to the long-staple variety. The direction of the future of cash crop production was then set and large-scale programs of public works designated to furnish the necessary infrastructure for the new cotton production were set afoot. The corvée labour used for this purpose was able to prepare an extra 350,000 feddans to be placed under summer cultivation. By 1852 some 600,000 feddans had been reclaimed due to Mohamed Ali's efforts.³⁰

1.3.1 SOCIAL RELATIONS AND INTEGRATION IN THE WORLD ECONOMY

These efforts did not go unchallenged. The peasants did resist the transformation of agriculture from subsistence to cash crops. The peasants' objection was two fold. Not only were they being paid by tax credits, rather than cash, but they also saw the need to assure their subsistence crops before venturing into cash crops especially since labour power was declining in the village due to the corvée, flight and conscription.³¹ Corvée had existed for centuries but corvée labour worked to maintain dikes, basins and irrigation structures in their village. They

saw the results of their labour and unwittingly legitimised the system. Under Mohamed Ali, however, peasants were impressed into corvée labour far away from the land and the villages, paid very little and expected to supply their own food and shelter. Peasants who were working in their own areas were not much better off. They were so overworked in the corvée that they could not cultivate their land. At any rate all summer cropping land had been appropriated by large landowners. Military conscription was certainly worse than corvée labour. Impressment into the army was extensive and it was for life. Little need be said about the sentiments of peasants having their lives disrupted to explain their resistance to military conscription. Rebellion, self mutilation and flight were the answer to Mohamed Ali's oppressive measures. The first two options were dealt with swiftly. Crushing the rebellions and forming regiments for the mutilated assured their arrest. Flight, however, could not be stopped. "By 1831 twenty five percent of the cultivable land in upper Egypt was lying fallow because of the labour shortage."³² The peasant revolts should not, however, be dismissed as a non-event. Their extent and frequency prompted many repression campaigns by Mohammed Ali's army.³³

As a consequence of the peasant pressure from one side and foreign power pressures, notably England's, to accept the Anglo-

Turkish convention and abolish his monopolies, on the other, Mohammed Ali granted land to members of his family, military officers and other favorites. These grants put an end to the centrality of land ownership and established the basis for the creation of the great estates. Three types of such large estates were set up. (1) 'Uhda 328,000 feddans were given under this type which resembled the old Iltizam. Although the central government dictated the nature of land use, taxes were still paid to the Muta'ahhid (Landlord) who provided working capital and supervised cultivation. (2) Iba'adiyyah were largely uncultivated land where no tax payment was required if brought under cultivation. Some 165,000 feddans were under this category. (3) Chiflik were grants to Mohamed Ali's immediate family. Some 335,000 feddans constituted the Chifliks.³⁴

Native Egyptians who fell into favour with Mohamed Ali and whom he trusted more than his Turkish subordinates supplemented the new Turko-Egyptian landlord class. They were hired at lower wages than their Turkish counterparts and served as the new bureaucrats of Mohamed Ali's state apparatus. They were mainly drawn from the village Shaykhs and their sons or relatives. The Shaykhs played the role of a middle group that ensured that their Cairo masters received their tax revenues. Mohamed Ali's changes, indeed, launched Egypt into capitalist production although such

production was not introduced on a full scale. Private property had been established, a landless class had been created and a market to exchange such labour was brought into being.

1.4 CONSOLIDATION OF CAPITALIST STRUCTURES

From the period of Mohamed Ali's death in 1848 until the British intervention in 1882, rural social relations continued to change. The large landowning class of Turko-Egyptians consolidated its power, the Shaykhs' power as a middle power grew and more peasants became landless.

Many successors of Mohammed Ali effected complex transformations of tenurial institutions. The legal landholding categories were restructured and dismantled several times and many laws were invoked to protect each new structure.³⁵ However, the picture that emerged was as follows. The three private landholding types 'Uhda, Iba'adiyya and Chiflik were all subsumed by two new categories 'Ushuriyya and Kharajiyya (some times known as Atharia).³⁶ The 'Ushuriyya included all of the Chiflick, some of the Iba'adiyya and little of the 'Uhda. The rest were slated under Kharajiyya. Richards argues that 'Ushuriyya was the main form of private property consisting of the large estates. He shows that the "growth of this type of land can be taken as a

lower-bound estimate of the growth of large-landholding at the expense of the peasant."³⁷ The Kharajiyya land, on the other hand, was owned mainly by the state. The peasant owned only the usufruct right which was inheritable. The government, however maintained the right to confiscate the land. The fiscal crisis that faced the government forced it to set up a series of schemes by which, for large sums of money, the peasant could transfer his rights on the land from simple usufruct to private property. Future long term taxes were naturally reduced as a consequence. Those who could afford such transaction became landlords and those who could not became landless. It goes without saying that large landowners had the upper hand in gaining the necessary capital to effect the transfers from usufruct to actual ownership. Hence, large owners benefited from the schemes by transferring many peasant holdings into their own without joining the small holdings and adding them to their large estate. Throughout the process some 300,000 feddans were lost to the large estates type of ownership the 'Ushuriyya. The following table shows these transformations.

Table 1-1

LAND TENURE 1863-1880

Year	'Ushuriyya area		Kharajiyya area	
	(Feddans)	%	(Feddans)	%
1863	636,177	14.5	3,759,125	85.5
1875	1,194,288	26.0	3,509,168	74.0
1880	1,294,343	27.4	3,425,555	72.6

Source: Alan Richards, Egypt's Agricultural Development, 1800-1980, (Bolder, Colorado: Westview Press, 1982), 29.

It should be noted here, how this transformation consolidated the private ownership rights of the large landowner. It expanded this ownership and was complemented by a dramatically inequitable tax structure. The peasant of the Kharajiyya was paying an average of 116 piasters per feddan (sometimes going up to 200 piasters per feddan) while the 'Ushuriyya paid an average of 30 piasters per feddan.³⁵

The momentum behind all of these changes was the government's need for revenue which was partly used for an extensive improvement and expansion of the infrastructure geared towards the export of cash crops. The pattern follows that of most colonial economies. The subservience of the national agricultural production to the industrial needs of the mother country or the centre deepened the dependence of Egyptian

agriculture on the British industrial needs. This is especially true with regards to cotton and the British textiles industry.

One additional outcome of the 1848-1880 dynamism in agrarian reforms was the creation of the 'Ezbah as a manifestation of the growing power of the large landowner. 'Ezbahs are comparable to Europe's hamlets. They are established by the landlord at a distance from the village. An 'Ezbah consists of small plots used for subsistence crops and for fodder allocated to the peasant in exchange for his labour in the cotton field of the landlord. The landlord, called the Pasha, supervised closely cotton production, given that no incentives for hard work by the peasants exist.

Muslim inheritance law requires that land be divided equally among all heirs. This tendency towards fragmentation was countered by purchasing more land by those who could afford it and by sharecropping by those who could not. An elaborate system of crop rotation maintained the land in an exploitable quality level. The other method used to prevent fragmentation was turning the land to Waqf land.³⁹ Furthermore, it should be kept in mind that since the large estates were established by land grants in exchange for political and military favors they could be repossessed if the recipient was to fall out of favour. Although this did not happen often, it contributed to the fragmentation of

large estates and most certainly to the threat of such fragmentation. Such threats remained alive until the British occupation when all land became private property free from threats of confiscation.

By virtue of their role as intermediaries between the government and the peasants, the Shaykhs managed to increase their own holdings. The new acquisitions were obtained from peasants fleeing the land (from corvée or impressment), defrauded peasants (by money lending schemes) and other such methods which went unnoticed by the landlord and the government. The peasant could not, of course, resort to legal means to protect himself. By these and other methods, and owing to their power in tax collection (and some times determination) and other aspects of peasant control and revenue generation -although this was done on behalf of their masters-, the Shaykhs accumulated a lot of power. This was manifested both in the growth of their landowning (usually of the Kharajiyya type-officially state owned and peasant cultivated) and in their control of the day to day life of the peasant. The hierarchy of master-servant pyramid is interesting. The ultimate master was at first the Ottomans and later the British; the second level was the Turko-Egyptians (the compradore bourgeoisie-landed aristocracy); thirdly the Egyptian village Shaykhs (the national bourgeoisie); and lastly the

peasant (who wavered between small petty bourgeois and right out poor). The landless (who were already proletarianized as wage workers) could also be mentioned with the exception that no control was exercised over them by the peasants.

Peasants lost their land for reasons other than flight or fraud. Outright seizure, failure to pay debt were also instrumental in creating an excess army of labourers for the perusal of the large estate owners. The end result of this was that by the end of 1888 a substantial number of landless peasants planted the seed for rural unemployment that has not ceased growing since. In terms of land-ownership the situation looked like many agriculturally retarded areas. The bimodal land tenure system in Egypt was just as bad as elsewhere. "By the same year of 1888 only 1 % of landholders held more than 40 % of the land, of large estates of fifty feddans or more. On the pole of land distribution, over 80 % of landowners held some 20 % of land on small minifundia holdings."⁴⁰

Such disparities could not go unnoticed. The landholders had too much power and there was no one class that could displace them; the peasantry was simply too unorganized. The other contending class was the Bureaucrats, middle officers of the army and their rural spawning ground the Shaykhs. Urabi Pasha, an

officer of the army the son of an Egyptian Shaykh dissatisfied with his rulers for many reasons, was plotting to revolt in what has come to be known as the first true nationalist effort to regain Egypt for the Egyptians. During the 1850-1880 period rapid intensification of cotton cultivation was brought about mainly to supply British factories now deprived of their American supply due to the civil war. This was coupled with massive infrastructural projects mainly oriented to improve the export crop. Railways for cotton transportation, ports for cotton shipping, irrigation for cotton fields, cotton specialist from England all brought Egypt's cotton more into subservience to Britain's need. What is more, all of this was paid for by money borrowed from British and French sources. By 1878, Ismail Pasha had ran up a \$E68 million debt and brought Egypt into an extra sphere of capitalist control, that of Finance. Financial links binding Egypt to Britain and world capitalism brought about a spectacular growth of banking activity and set up the stage for the British occupation in 1882.⁴¹ The Turko-Egyptian Beys, the descendants of the Mamluks, had accumulated large debts to the Europeans, mostly the British. Egyptian army officers and bureaucrats could not advance beyond certain levels in their careers, the Turko-Egyptians had all the high posts. The Shaykhs had their tax collections squeezed by the central government. More and more of what they collected from the peasants was going

to the "Caisse de la Dette Publique". The peasants were however the most disgruntled. French financiers on the top of the pyramid and a wide array of Greek, Lebanese and Syrian money lenders had cost serious land loss and much misery to the peasants. "For instance, peasants lost land worth £E50 per feddan for a £E10 debt per feddan."⁴² On this background Urabi led an army rebellion in 1882 that developed to a full scale uprising supported mainly by the Shaykhs and middle level bureaucrats. The peasants, although did not join the rebellion (for they remember well the Shaykhs suppression of them and could not reconcile joining them in a rebellion), supported Urabi because of his promise to cancel peasant debt and to "banish the usurers". The British were simply not going to allow anyone to displace the khedives (the desendants of Mohammed Ali, now in power in Cairo). The khedives had played the role that they had been assigned and had brought Egypt all that much closer into the world capitalist economy of which Britain, as a colonial power, was a dominating factor. Comparing the Urabi revolt to other peasant revolts and explaining its failure, Eric Wolf identifies the lack of a middle peasantry as the chief source of such failure. The importance of middle peasants who played crucial roles in the Mexican, Russian, Chinese and other peasant revolutions "derives from two facts: (1) they have a limited amount of leverage against more powerful groups because of their

(potential) economic self-sufficiency, and (2) they are vulnerable to economic changes which will weaken them, separate them from their land, and reduce them to dependent relations".⁴³ The Shaykhs as advanced earlier were clearly "rich peasants" and not of the "middle" variety needed for successful revolts according to Wolf.

The transformation of rural social relations and the consolidation of capitalist structures continued and were completed under British occupation. All impediments to full private ownership were removed and no central government could recall any land it had given to any benefactor. The British also abolished the corvée. By doing so they undermined the last legal vestige of solidarity within the villages and they allowed for the creation of a free labour market. Finally the British converted all of the delta to the perennial system by greatly extending the irrigation system.

The Ezbah system discussed earlier had by now become dominant on large estates employing large numbers of landless peasants and safeguarding private property rights. The system had two fundamental bases: Crop rotation between cotton, maize, beans and clover and the seasonality of labour input into the estate. The markets for cotton were well organized. All of the output

went to England to feed the growing textiles industry. It was therefore natural that the landlords would be mostly interested in cotton. Wheat took second place on the list of crop priorities because of its necessity as a food source to a large national market that was becoming larger. The labour intensity of cotton farming was heavy but not steady. During the harvest season a much larger labour force was needed than the rest of the season. The large labour force maintained year-round was involved in raising crops other than cotton. Fodder, clover, beans and maize which were rotated with cotton to maintain soil quality were, instead, cultivated. These crops needed little supervision. They were highly unlikely to be marketed by the landlord and they provided the necessary requirements for the renewal of the labour force, both human and animal. By giving small plots of land to his peasants to grow these crops the landlord reduced the cost of supervision substantially. He also minimized the wage paid for this year-round labour force. His overseers could then be freed to supervise wheat growing and irrigation works during the late Fall and Winter and cotton growing and harvesting in Spring Summer and early Fall when a large number of supplementary workers are required. This system allowed for the maximum amount of surplus value appropriation. The subsistence plots which were at any rate unfit for cotton and wheat production were granted to the peasants in exchange for year-round work. The value produced

year-round in the cotton and wheat fields was appropriated by the landlord. Labour spent in the subsistence plots were minimal and it provided for the maintenance and renewal of the rural labour force. This labour force consisted basically of two types the Tamaliyya or year-round peasants and the Tarahils or the seasonal workers. These latter ones were what Marx called the "reserve army of the (seasonally) unemployed". Not only did they maintain a substantial downward pressure on wages but they also solved the problem of cotton harvesting and irrigation works maintenance for the landlord. By employing Tarahils in these temporary activities, the landlord minimized his cost and founded a constant threat to the Tamaliyyas. The overseer used the threat of replacement of a Tamaliyya by a Tarahil to increase the productivity of the former and he used the promise of settlement to increase the latter's productivity. Despite the differences in wages and in period of employment both types were wage laborers. This non-feudal description bears out the description of some authors who characterise the political economy of Egyptian agriculture as a form of backward colonial capitalism. "Other non-feudal features of the land tenure system included the Pasha's treating labour as a cost, their (increasingly) consolidated private property rights in land, their close supervision of the labour force and their attention to agricultural technique."⁴⁴ Despite labour mobility which was less

inhibited than under European feudalism and despite the non-feudal characteristics described above, the system could not be described as capitalist *tout court*. The estates were not producing for local consumption. Indeed, with the existence of subsistence plots and the main cash crop being cotton there was little local demand for the estate's produce. Wheat found its way to urban markets and fetched a better price. The landlord's supervision of wheat production and marketing insured its sale in these urban markets. The low level of cash payments and the low income levels received by the rural employed, not to mention the lack of such incomes for the unemployed, created a constraint on the rural wheat markets and hence the preference to send the goods to the city. This pattern of production and consumption produced what the structuralists call a disarticulated economy.

Marx stresses that capitalist social relations take the form of commodity relations. Labour power is a commodity. That which this labour produces is a commodity. And what it needs for its reproduction is also a commodity. The exploitative nature of social relations are concealed when all goods needed for social reproduction are turned into commodities. The worker simply received a money wage without knowing the difference between working for himself (reproducing his labour power) and working for his boss (surplus value). For the seasonal worker, the scheme

applied clearly while for the Tamaliyya (the year-round labourers) it wasn't as clear. Despite the fact that he received a money wage, he still had a sense of when he was being exploited. When cultivating the subsistence plot the peasant knew he was doing this to supply his own food needs and when he was working the cotton fields he was being exploited. He could accept and legitimize this exploitation by reasoning that he is being allowed to live on and cultivate the Pasha's land without any obligations on the latter's part to let him do so.

Between the two wars one theme seems to have dominated Egypt's rural life. That theme was stagnation. Table 1-2 shows the index of labour productivity in Agriculture.

It was the war effort for which the British requisitioned men, animals and crops that seems to have been the principal culprit in the decline in productivity (see table 1-3). The fall in cotton prices in 1914, the restrictions on agricultural credit and the halting of the extension of the drainage system were also responsible for the decline in output.

TABLE 1-2

INDEX NUMBERS OF OUTPUT PER WORKER
IN AGRICULTURE
(1895/1899-1960/1962)

<u>Years</u>	<u>Index</u>
1895-99	100
1900-04	102
1905-09	98
1910-14	96
1915-19	76
1920-24	74
1925-29	79
1930-34	73
1935-39	74
1940-44	64
1945-49	69
1950-54	73
1955-59	88
1960-62	95

 Source: Patrick O'Brien, "The long term growth of agricultural production in Egypt", in P.M. Holt, ed., Political and Social Change in Modern Egypt (London, N.Y.: Oxford University Press, 1974), 191.

Hayami and Ruttan demonstrate that labour productivity in Agriculture is determined by three factors: "resource endowment", "industrial input" and "human Capital".⁴⁵ They also ascertain that land is produced and not simply a natural endowment.

" Land (measured by hectares of agricultural land) used for agricultural production cannot be regarded as a mere gift of nature. It represents the result of previous investment

in land clearing, reclamation, drainage and other developmental measures."⁴⁶

Indeed, the neglect of the drainage system during the war was an encroachment on the land as a resource endowment. This is especially so with the rise in population which was increasing the pressure on arable land extension. The rare use of "industrial input" except for irrigation purposes and some threshing machinery on large estates was also responsible for the decline in output. Fertilizers, another industrial input, were not efficiently used until the mid thirties and their effect in increasing productivity is reflected in cotton and other crops as shown in table 1-3.

Table 1-3

YIELDS^a PER FEDDAN OF THE PRINCIPAL CROPS
1920-1939

<u>Year</u>	<u>Maize</u>	<u>Wheat</u>	<u>Beans</u>	<u>Barley</u>	<u>Millet</u>	<u>Rice</u>	<u>Cotton</u>
1920	6.86	5.02	4.46	5.78	8.42	4.47	3.30
1921	6.07	4.78	4.46	5.71	8.07	3.80	3.37
1922	6.45	4.55	4.44	5.68	7.97	2.88	3.73
1923	6.78	4.98	4.44	5.64	8.05	4.26	3.81
1924	6.78	4.55	3.95	5.44	8.23	4.22	4.07
1925	7.00	4.94	4.45	5.72	8.45	4.33	4.14
1926	7.01	4.57	3.87	5.71	8.77	1.356 ^b	4.29
1927	6.97	5.05	4.65	6.00	8.33	1.383	4.01
1928	6.92	4.42	3.80	5.55	9.02	1.362	4.64
1929	6.82	5.28	4.56	5.95	9.17	1.411	4.63
1930	6.94	4.92	4.31	5.74	8.58	1.395	3.97
1931	6.71	5.26	4.17	5.97	8.95	1.185	3.78
1932	7.01	5.62	4.87	6.21	8.85	1.249	4.53
1933	6.68	5.28	4.47	5.95	8.23	1.354	4.75
1934	7.14	4.87	4.09	5.98	9.21	1.401	4.36
1935	7.66	5.56	4.55	7.01	9.87	1.603	5.11
1936	7.49	5.88	4.89	7.22	8.75	1.574	5.32
1937	7.59	6.01	4.94	7.35	9.08	1.513	5.57
1938	7.49	5.88	4.78	7.35	8.62	1.629	4.67
1939	n.a.	6.15	n.a.	7.55	9.26	1.738	n.a.

a) Units: Cantars (1=99.049 lbs) for cotton; ardebs (1=5.444 bushels) for all others, except rice, 1926-39, which is given in daribas (1=934.5 kilograms) for those years.

b) Year in which rice numbers switch from ardebs to daribas

Source: Alan Richards, Egypt's Agricultural Development, 1800-1980, (Bolder, Colorado: Westview Press, 1982), 145.

As for human capital and technically skilled labour, Their scarcity was encouraged by the Pashas. Any form of education was looked upon very unkindly by the landlords, nor was there much incentive for the peasants to educate their children whose labour

was very useful for it brought needed extra income to the family. The combination of these factors was instrumental in the stagnation of that period. But the main thrust of cotton exports to England did not change despite its retardation (see table above).

Rendering service to the centre increased its pace and changed its form with the coming of the second world war. As British troop levels rose from 50,000 to 200,000, a significant amount of agricultural output changed from cotton for export to cereals for troops' consumption.⁴⁷ Furthermore, the government, through its agents, assessed the nutritional needs, seed and fodder requirements of the peasant, left him enough to satisfy these needs and appropriated the rest of his crops. This intervention could not have settled well with small farmers had it not been for a scheme involving many benefits chief among them was the delivery of badly needed fertilizers via the poorly organized agricultural credit system.⁴⁸ Immediately after the war, Egypt buoyed up cotton prices by entering the futures market. The import of fertilizers more than doubled since prices fell to pre-war levels and the Korean war had propped up both commodity prices and demand.⁴⁹ It was not long after the end of the war that cotton production surpassed its pre-war levels.

The intervention of the government in cropping pattern determination resulted in two rationales which were fundamental to the dramatic shift from direct involvement in production to leasing out the land by the landlords of Egypt's farmland. The Ezbah system had become threatened by the changes and so was the property rights especially in the war time crisis. Cash was therefore better than land. It is estimated that 61% of the land was rented for cash.⁵⁰

Renting out the land instead of directly farming was a natural response to the conversion of crops from cotton to cereals. As it had been advanced earlier, the latter's production needed much supervision and a permanent year-round labour base in the landlord's estate. With the rise of real wages in that period the cost of direct farming by the landlord will have risen dramatically and the amount he could appropriate as surplus would have declined. The social crisis had reached a peak during the war. Peasant resistance to high rent resulted in violent incidents in which the army was used to quell many uprisings. This coupled with much talk in the parliament about unequal distribution of land and the need for agrarian reforms kept the landlords uneasy and alert. That explains why with the return to cotton production many landlords opted to stay with the rental system instead of going back to the Ezbah system.

The rise in real wages mentioned above had occurred basically because of a major drain on rural labour. The major cities had claimed much of this labour. Working for the British army was certainly in fashion; some 200,000 rural workers were so employed.⁵¹ More importantly though was a malaria epidemic causing the death of some 500,000 persons in the Said.⁵²

The shift to estate rental and the rise in real wages were the two important changes in the 1940-1952 period. The resulting social crisis set the stage for the Nasser revolution. The ultimate reason for such a crisis remained, however, the unequitable distribution of land. Table 1-4 shows the development of such inequity as it progressed from 1900 to 1952.

Table 1-4

Changes in land distribution, 1900-1952

Y E A R	small ownership < 5 feddans		Medium ownerships 5 > < 50 feddans		Large ownerships > 50 feddans	
	% of total land- owners	% of total Area	% of total land- owners	% of total Area	% of total land- owners	% of total Area
1900	84	22	15	34	1	44
1906	88	24	11	30	1	46
1916	91	27	8	30	1	43
1936	93	31	6	30	1	39
1943	93.5	33	6	30	0.5	37
1952	94.3	35	5.3	30	0.4	35

Source: Adapted from Mahmoud Abdel-Fadil Development, Income Distribution and Social Change in Rural Egypt (London: Cambridge University Press, 1975), 4.

Although the changes were not dramatic, the pattern is clear. More and more land was being concentrated in less and less hands. As the table shows, 5.7 percent of landowners owned 65 percent of the land while 94.3 percent owned the remaining 35 percent. The inequality in land tenure had indeed reached some gross levels.

Notes to chapter I

1. Samir Amin, The Arab Nation, (London: Zed Press, 1978), 19.
2. This peasant base is what is referred to here as the internal forces. This is so due to the fact that Egyptians themselves rarely engaged in long distance trade. They left it to the occupying forces to bring and develop such trade, in which they would later get involved. The new source of wealth was from long distance trade and from small industries in the towns.
3. Anwar Abdel-Malek, Egypt: Military Society (New York: Random House, 1968), 51-52.
4. Labib Subhi, "Egyptian Commercial Policy in the Middle Ages" in Studies in the Economic History of the Middle East, ed. M.A. Cook (London: Oxford University Press, 1970), 73.
5. Alan Richards, Egypt's Agricultural Development, 1800-1980, Technical and Social Change (Boulder, Colorado: Westview Press, 1982), 6.
6. It is interesting to note that, unable to dislodge the Muslims [the Ottomans having maintained control over Aden until 1830] from the coffee trade by force as they were able to do with pepper and spices, the Europeans established their own coffee plantations in the Caribbean.
7. André Raymond, Artisans et Commerçants au Caire au Dix-Huitième Siècle (Damascus: 1973), 188-190. Quoted in Alan Richards (1982), 7.
8. André Raymond (1973), 196. Quoted in Alan Richards, (1982), 7.
9. Stanford J. Shaw, Ottoman Egypt in the Age of the French Revolution, (Cambridge, Massachusetts: Harvard University Press, 1964).
10. Timars were lands given to military leaders in exchange for services rendered during the campaign. Such services often amounted to setting up small cavalry armies-almost their own-by these principle figures and leading them into battles. The effectiveness of these cavalries declined due to the rise of fire power in Europe. Consequently the opportunity cost of timars was

rising and the wisdom of their maintenance was declining.

11. Alan Richards, (1982), 8-10.

12. Helen A.B. Rivlin, The Agricultural Policy of Muhammad Ali in Egypt (Cambridge, Massachusetts: Harvard University Press, 1961), ch 2. Quoted in Alan Richards, (1982), 10.

13. Alan Richards, (1982), 11.

14. Ibid., 13.

15. Stanford J. Shaw, "Landholding and Land Tax Revenues in Ottoman Egypt", in Political and Social Change in Modern Egypt, ed. P.M. Holt, (London: Oxford University Press, 1964), 189-190.

16. Bent Hansen, "An Economic Model for Ottoman Egypt: The Economics of Collective Tax Responsibility." unpublished paper presented to the conference on the economic history of the Near East at Princeton University, June 16-20, 1974, 40ff. Quoted in Alan Richards, (1982), 13.

17. Ibid., 90ff.

18. P.J. Vatikiotis, The History of Egypt (Baltimore: John Hopkins University Press, 1980), 31.

19. Alan Richards, (1982), 14.

20. This is interesting in that it presents a form of colonialism which existed in the Arab world prior to European colonialism. The periphery was indeed sending parts of its resources to the centre. This could shed some light on the problems of capitalist development in the Arab world.

21. Peter Gran, "Political Economy as a Paradigm for the Study of Islamic History," International Journal of Middle Eastern Studies, II (1980): 511-526.

22. Any adequate look at the subject matter is a laborious task and extends beyond the scope of this paper.

23. This opens up a whole new argument on the role of the military as continuous ruling force shaping Egypt. Anwar Abdel-Malak's Egypt: Military Society, (op. cit) is enlightening reading in that regard.

24. Peter Gran opens up the debate even more by suggesting five periods "each with a social characteristic predominating" to explain precapitalist structure in the middle east. A close inspection of Egypt vis-à-vis Gran's "Model" could be quite revealing. Cf. Peter Gran, (1980), 511-526.

25. For a good discussion of the political development of the late Eighteenth Century see P.J. Vatikiotis, The History of Egypt (Baltimore: The John Hopkins University Press, 1980), 30-48.

26. P.J. Vatikiotis (1980), 33.

27. This was mainly achieved by introducing such legislative changes as those recognizing inheritance of land use and others.

28. Roger Owen, Cotton and the Egyptian Economy, 1820-1914, (London: Oxford University Press (1969), 69. Quoted in Richards (1982), 19.

29. This represents the first in a long series of subsidies which are now characteristic of Egyptian agriculture.

30. Patrick O'Brien, "The Long-Term Growth of Agricultural Production in Egypt: 1821-1962" in Political and Social Change in Modern Egypt, ed. P.M. Holt, (London: Oxford University Press, 1964), 172. Quoted in Richards (1982), 21.

31. Crops were delivered at fixed prices and paid for by tax credits which was evaluated by an "inflated paper currency". Costs of transporting the crops to the government depot where evaluators often cheated the peasants, was also borne by the peasant.

32. Ali Barakat, Tatawur al-Milkiyyeh az-Zira'yyah fi Misr W'atharuha 'ala al-Harakah as-Siyasiyya 1813-1914 (The Development of Land Ownership in Egypt and its Influence on the Political Movement 1813-1914), (Cairo: 1977). Quoted in Alan Richards, 24.

33. See Alan Richards, (1982), 23-24 for descriptions of peasant revolts and uprisings.

34. 'Uhda means under the responsibility of someone, Iba'adiyya means literally absentee and Chiflik is a Turkish word relating to private property. Alan Richards, (1982), 25.

35. We note here, in passing, the importance of the land law of 1854 which set in place the 'Ushuriyya and Kharajiyya system.

36. 'Ushuriyya is a word that corresponds to ten-per-cent in Arabic. This is appropriate since a 10 % tax was imposed on these lands in the land law of 1854. This law was not always followed and taxes often surpassed the 10 % figure. Kharajiyya means those that are outside, sometimes referring to outside the realm of private property.

37. Alan Richards, (1982), 28.

38. Gabriel Baer, A History of Land Ownership in Modern Egypt, 1800-1950 (London, N.Y.: Oxford University Press, 1962), 31.

39. Land legally owned by the religious institutions but operated by the landlord much in the same fashion as large estates via the 'Ezbah system.

40. Alan Richards, (1982), 39.

41. For a good discussion of the Urabi revolt and the events leading to it see P.J. Vatikiotis, (1980), 48-168.

42. Alan Richards, (1982), 42.

43. Ibid., 43.

44. Ibid., 65.

45. Hayami and Rattan, "Agricultural Productivity Differences Among Countries" American Economic Review 60 (Dec 1970): 894-897.

46. Ibid., 896-897.

47. A military order of September 1942 prohibited cotton cultivation in some region and limited it to a maximum of 22% in other regions. All in all upwards of 60% of cultivated land was planted wheat and barley. See Rashed el-Barawy, Economic Development in the U.A.R. (Egypt) (Cairo: 1970), 18.

48. Fertilizer imports had been declining for a long time due to increased prices. Their use on the other hand had demonstrated its effect and its demand was increasing.

49. Cotton prices experienced a boom during this period.

50. Department of Agriculture, Bureau of Agricultural Economics, bulletin # 6, Oct 1949, Agricultural census 1950. Quoted in Alan Richards, (1982), 172-173

51. Peter Mansfield, The British in Egypt, (New York: Holt, Rinehart & Winston, 1971), 273-4.

52. Alan Richards (1982), 172.

Chapter II

AGRARIAN POLICIES SINCE 1952

Inequality in land and income distribution, stagnation of economic development and a distinct dislike for the post-colonial dependent structures and their elites were fundamental reasons for the free officer's take over of Egypt on July 23 of 1952. Efficiency and justice became the rallying call which they had hoped would initiate a base of support for their rule. Having come from the military they represented a variety of social classes. The majority however came from the relatively wealthy peasants and urban merchants. This background presented them with a serious problem. They had no party and represented no class in the strictest sense of the word. Their policies were therefore bound to reflect that and to be oriented to fill the vacuum of popular support. As for the land reform it was to be radical enough to win the large majority of the peasants over to the side of the free officers (initially against the richest of landowners) but not radical enough to alienate the rich peasantry.

2.1 THE NASSERIST AGRARIAN REFORMS:

A reform such as that described, as needed, above was the first act of the new revolutionary government. All lands in excess of 200 feddans per individual or 300 feddans per family were redistributed. Thus the land reform law no 178 of 1952 culminated in a series of land reforms that have shaped Egypt's rural history and by the same mean eliminated all of what the previous reforms have accomplished by one stroke. For this was the reform to, finally, instate, for the first time, some sense of equity in land distribution. The three stages of the reform, the areas affected and the number of the families benefiting are described in table 2-1 shown below.

What the table does not show, however, is the relative weight of the described change. Despite the fact that distress sales by the Pashas just prior to the reform were widespread, two major aspects of the reform stand out.¹ First only 12.5 percent of the cultivated area was directly affected and only some 335,00 families, or about 1.7 million persons, received land (see table 2-2). Second ex-tenants were the main beneficiaries of these reforms. The landless peasants remained largely landless. The old division of labour was more or less reproduced.

Table 2-1

LAND DISTRIBUTED BY AGRARIAN REFORM LAWS, 1952-1969

<u>Origin of land</u>	<u>Area</u> (feddans)	<u>Families Benefiting</u>
1. Land Reform Law No. 178, 1952	365,147	146,496
2. Law No. 152, 1957 Law No. 44, 1962 (transfer of <u>Waqf</u> Lands)	189,049	78,797
3. Second Land Reform Law No. 127, 1961	100,745	45,823
4. Purchase of lands sequestered in 1956 (response to the Suez Invasion)	112,641	49,390
5. Law No. 15, 1963 Excluded foreigners from land ownership)	30,081	14,172
6. Other	98	49
TOTAL	797,761	334,727

Source: Mahmoud Abdel-Fadil Development, Income Distribution and Social Change in Rural Egypt 1952-1970 (Cambridge, London: Cambridge University Press, 1975), 10.

Table 2-2

AGRARIAN REFORM LANDS DISTRIBUTED AMONG
SMALL FARMERS, 1953-1970

Year	Area (Feddans)	Number of beneficiaries (Families)	Average amount of distributed land per family (Feddans)
1953	16,426	4,784	3.4
1954	65,285	24,295	2.7
1955	66,687	31,588	2.1
1956	35,558	15,678	2.3
1957	42,067	19,701	2.1
1958	42,920	17,045	2.5
1959	5,982	2,447	2.4
1960	23,426	10,345	2.3
1961	28,381	9,291	3.0
1962	106,150	31,605	3.6
1963	90,172		
1964	121,645	107,286	2.2
1965	26,013		
1966	25,668	12,013	2.1
1967	58,107	31,298	1.9
1968	20,531	8,295	2.5
1969	22,743	9,056	2.5
1970*	19,777	7,255	2.7
Total	817,538	341,982	2.4

* Data up to 1/11/1970

Source: Mahmoud Abdel-Fadil Development, Income Distribution and Social Change in Rural Egypt 1952-1970 (Cambridge, London: Cambridge University Press, 1975), 9.

2.1.1 NEW TENANCY ARRANGEMENTS:

The distribution of land as shown in Table 2-2 does not tell the whole story, however. A change in tenancy regulations

generally reducing the rent paid by the peasant and giving him more favorable conditions in terms of cost and output sharing (with the landlord as the rental fee) resulted in a reduction in the total area of rented land from 59 percent in 1950 to 51 percent in 1962.² This change in land-ownership vs land-holding is important in that "the 'rental terms' for land in the lease market became less beneficial to landowners as a result of the tenancy regulations enacted by the agrarian reforms."³ We should again distinguish between landownership and farm units. The latter are usually larger since small parcels of land were consolidated via tenancy arrangements while large ownerships were broken down and farmed in similar tenancy arrangements. This distinction is best visible in Table 2-3 (Note that the years 1961 and 1975 are given for comparison)

Table 2-3

SIZE AND DISTRIBUTION OF LAND
BY OWNERSHIP AND AREA FARMED,
1950, 1961 AND 1975

<u>Size</u>	<u>% Area Owned</u>		<u>% Area Farmed</u>		
	<u>1950</u>	<u>1961</u>	<u>1950</u>	<u>1961</u>	<u>1975</u>
0-5 Feddans	35.4	52.1	23.2	37.8	65.9
5-50 Feddans	29.4	32.7	37.7	40.7	33.3
50 + Feddans	34.2	15.2	39.1	21.5	1.8

Source: Alan Richards, Egypt's Agricultural Development, 1800-1980, Technical and Social Change, (Boulder, Colorado: Westview Press, 1982), 178.

Note: The percentage do not add to 100. The table was reproduced from Richards' as the source indicates and no reasoning for this discrepancy is given.

2.1.2 THE ARISING SOCIAL STRUCTURES:

Although the power of the Pashas (the landlords of the Ezbah) had been eliminated by the land reform their existence as a class was not eradicated. A system of compensatory measures, their political connection within the army and other state structures carried on from the pre-Nasser days kept them with virtually the same powers as previously. Furthermore their traditional position and prestige in their village community helped them make their infamous comeback during the Sadat days. The rich peasants, previously identified as middle peasants, who were the intermediaries between the poor peasants and their masters saw their positions dramatically improve. Not only were they the primary benefactors of the distress sales by the Pashas but they were also quite content that the elimination of the Pasha's agricultural power was not coupled with improvement of the lower strata of peasants. Such a situation left them, doubtless, the dominant power in the countryside. A strong continuity in their role as mediators carried them into the Nasser era and smack into the essential roles of cooperative managers, officers of farm credit distribution and other important bureaucratic positions. This was especially true after 1963 when the cooperative system was extended to the entire agricultural sector. The firmness of the government control in

the 12.5 percent area directly affected by the reform was not a hinderance to the rich peasants' ascent to their newly acquired dominant positions.

As for the landless peasants, their lot was not improved to any great extent in terms of land ownership. Radwan estimates that the number of landless families, percentage-wise, went from 44 percent in 1950 to 40 percent in 1960 and, with population growth, back to 45 percent in 1970.⁴ The large population of Egypt and the dominant rural character of this population presents a significant problem for the landless peasants. Even if all the land was to be divided among the peasants equally an average plot of land would not be larger than the subsistence level of 3 feddans. The organization of productivity, distribution of fertilizers, credits and machinery and the likes would have simply been an impossible task under such a set up. The alternative policy for the landless peasants is best described by Richards:

" One could suggest that the regime might have tried to form more truly cooperative production systems, such as, perhaps, collective farms of some sort. Now, in addition to the generally unimpressive output performance of such arrangements, such a course of action, or the alternative radical land distribution in small plots, was politically impossible. Only if the regime had been willing to take on the rich peasants and to endure substantial rural social and economic dislocations would such an attempt have been feasible. The regime had neither the ideological orientation,

social origins, nor political resources to undertake such a strategy. The Nasserist regime was not about to embark on a course of mass mobilization."⁵

Samir Amin in L'Egypte Nassérienne provides a stratification of agrarian classes on the following basis:⁶

- (a) Landless peasants
- (b) Poor peasants (below 1 feddan)
- (c) Middle peasants (1-5 feddans)
- (d) Rich farmers (5-20 feddans)
- (e) Rural capitalists (above 20 feddans)

Mahmoud Abdel-Fadil, in his income distribution study cited earlier, has a different stratification. His goes something along the following lines:⁷

- (a) Landless peasants
- (b) Poor peasants (below 2 feddans)
- (c) Small peasants (2-5 feddans)
- (d) Middle peasants (5-20 feddans)
- (e) Rich peasants (over 20 feddans)

Which ever stratification is considered, whether Amin's or Abdel-Fadil's or Richards' (used in our study), the fact remains that the skewness of the class structure has maintained its inequality with the two noted distinctions namely the reduction

of the power of those on the upper scale and their replacement by the middle peasant of Alan Richards.

2.1.3 COOPERATIVES:

"The socialist solution for the problem of agriculture in the UAR was based on two measures: first increasing the number of owners of arable land and second , consolidating land ownership by co-operation and transforming the economy of small holdings into a strong one through continuous expansion of cooperation."⁶

The first measure of the "socialist solution" was the land distribution discussed earlier. The second measure found its expression in the cooperatives. The economic goals of the revolution, as with most forms of developmental strategies, were to be financed by agricultural surplus. The proper management of this major source of accumulation is actually the fundamental question to which these developmental strategies attempt to respond. The accumulation arising out of agricultural surplus needed to be maximized. The most efficient way of achieving this was setting up nation-wide cooperatives. Hence government cooperatives first established in the areas of reform were later extended to non-land reform areas.

"Transforming the economy of small holdings into a strong one" meant achieving a minimum level of efficiency in production

by using large-scale methods on groups of small holdings. The cooperative services included: (1) the provision of agricultural credit; (2) the provision of equipment of other requirements for improved cultivation of the newly acquired plots. Such requirements consisted of seed, fertilizers, insecticides, agricultural machinery, storage facilities and livestock and poultry; (3) the organizing of necessary maintenance activities of the present infrastructure such as drainage, irrigation and road networks. Fertilizer application, proper crop rotation and other farm operations also figured among these supervisory types of crop activities; and (4) the management of crop selling operations and all what that entails of accounting, deduction of input costs and distribution of remaining incomes. Settlement of land taxes, loan payments in cash and in kind and other similar activities were also the responsibilities of the cooperatives. In short, every aspect of agrarian life was to be handled by the cooperatives. Such excessive control would naturally have turned the peasants away from these cooperatives unless they had a major say in managing them. But such was not the case here. Membership in the cooperative was compulsory to every beneficiary of the land distribution areas. Such membership was, additionally, open to all peasants owning less than 5 feddans. The 5 feddans ceiling was later raised to 15 feddans. Had the compulsory membership been compensated for by the "major say in management" sought by

the peasants then the case would have been a little more acceptable. In fact the way the cooperatives were managed was not very much unlike the old Ezbah. To be sure the continuity in personnel observed earlier was as true in the cooperatives as everywhere else. The system of management was as follows.

The general assembly consisting of all beneficiaries and tenants of a cooperative elects regularly a board of directors which in turn elects a chairman. The chairman along with his board of directors then took on the tasks of managing the cooperative. This was done under the watchful eye of a Mushrif ta'awuni (cooperative supervisor) appointed by the board of directors "acting on the suggestions" of the Idarat al Ta'awan (cooperative administration) set up by the Agrarian reform authorities in Cairo.⁹ The Mushrif supervising the management of the coops was none other than the supervisor appointed by old Pashas. These were basically the newly dominant rich peasants. The prestige, authority and traditional leadership role were the main characteristics that led to their choice as supervisors. Evidently, the criteria did not change with the transition from the Ezbah "feudal" system to the cooperative system. Indeed their functions did not change much. "The Mushrif had in most cases taken the place of the bailiffs of the ex-landlords. Most of the time they were only concerned with the problem of obtaining as

promptly as possible the settlements of the land taxes, annual installments, and loans in kind or in cash due by the members."¹⁰ The local cooperative of each region were grouped under a regional Associated Co-operative Society ACS (al Gamiya al ta'awuniya al-Mushtaraka). All of the ACS were grouped under a central organization called the General Co-operative Society GCS. This hierarchy, once again, assured the continuity of the centrality theme that has been emphasized throughout this paper. One of the inescapable consequences of such a set up was a large and often inflexible and inefficient bureaucracy. As for crop rotation, the system used was quite effective and again compulsory. A three year crop rotation involving cotton, wheat and rice was established with an emphasis on cotton and wheat production as the two main cash crops. The cultivation, control and marketing of these crops was the responsibility of the coop. Birsim, clover, maize, some vegetables and other subsistence crop and fodder were relegated to the peasant himself on small strips of land within consolidated blocks of cotton, wheat, etc...¹¹

A system of compulsory deliveries was set up for the cash crops under the coop responsibilities. The Mushrif (supervisor) made certain that the allocated quotas of each peasant reached the government procurement centres. The Mushrif had the right to take legal action and punish the defaulting peasant. The crop of

highest importance was of course cotton. It was [until the discovery of oil in the early seventies] the chief earner of foreign exchange. Wheat was just as important but had the added characteristic of being a food security item of the greatest importance. It fed the growing urban centres and permitted some earning of foreign exchange. Rice and onions were also exported and their delivery was just as compulsory as cotton and wheat but not as important.¹² All these deliveries occurred at "administered prices" which were fixed by the administrators of the central agencies. An indirect tax was built into these prices as a means of transferring agricultural surplus into the government coffer. 330 million pounds are estimated to have been so transferred which constitutes about 10-11 percent tax on farmers' income.¹³

In the final analysis, and again bringing forth the lack of transformation in social relations, it should be noted that the thesis which maintains that, in the capitalist state, cooperatives are collective *capitalist* institutions, is given ample evidence in Egypt's case.

2.1.4 PRICING POLICIES:

The pricing policy was an integral part of agricultural policy under Nasser. This latter in turn was part of the overall economic policies of the new regime which at any rate did not take shape until much after the July 23rd take over. The core targets of economic policies and plans were

- " 1) To acquire foreign exchange which would have to come from agricultural exports.
- 2) To provide cheap food for the cities both to prevent food-price inflation (which would undermine its [the government's] industrialization program) and to avoid the political instability which urban food shortages would engender."¹⁴

To achieve these goals the government, instead of applying agricultural taxes, purchased certain crops below the international market prices then either sold them on the international market or, in the case of food stuffs in the national market as subsidized food products. A certain measure of area restriction were imposed to insure the required supply of subsidized food products. Such restrictions included not only the areas where such products can be cultivated but other controls such as dictating the type, amount and quality of crops to be planted by the peasants. In return the peasants received subsidized fertilizers and seed and a guarantee that the

government will purchase their product at an agreed price no matter what the international price of the product in question may be. The mechanism for these controls were the ubiquitous cooperatives. The impact of the pricing policies are not easily estimated. "Straight forward answers on price-policy impacts are highly elusive in a multiclass, multicrop economy, in which there are substitution possibilities in both production and consumption, and in which different income classes consume different foods."¹⁵ But the following can be observed.

Fertilizers consumption increased steadily with the controls described above. Fertilizer use, minimum obligatory quantity and other aspects were controlled by the government. Their cost was deducted from the price of produce brought by the peasant to the cooperative. This strict control over fertilizers and the close connection between local fertilizer prices and local production cost insulated the Egyptian peasant from price changes in the international fertilizer market.

On the output side, the above mentioned controls resulted in a clear reallocation of income. It goes without saying that the peasants' natural disdain for restrictions resulted in an intricate system of evasions, black market practices and some non-cooperative practices that, in general, not only allowed the

peasant to be free to determine the nature of his land use but also permitted him a higher income. The reallocation of income was, therefore, bound to occur, usually favoring crops that show a higher ratio of own prices to fertilizer prices. Rice, onion and maize were on the higher end of the index of relative price of crops to fertilizer while cotton and wheat were on the lower end. In other words, despite regulatory structures specifying cotton and wheat production, the peasants founded a dynamics of evasions and elusions that permitted them to cultivate more rice and onions and less cotton and rice when they could. It remains to be said that the relative importance of these practices was very limited albeit not altogether negligible. The importance of these practices comes to the fore when we identify the main benefactor as being the well-to-do peasant. The survival instinct of this species of peasants fitted well with the set of policies implemented via the reforms. Nashashibi and Hansen note that there were serious losses due to the regulations impact on cropping patterns. They estimate that "price and area regulations usually reinforced rather than offset each other and other market imperfections and that the value of these losses was roughly equivalent to the balance of payment deficit for the 1960's."¹⁶

2.1.5 THE ASWAN DAM, AND INVESTMENT POLICIES

The building of the Aswan dam along with the emphasis on land reclamation were two of the more important investment policies in agriculture. The third was the neglect of the drainage system. Almost a 100 percent increase in gross fixed investment in agriculture occurred between 1955 and 1968. Twenty percent of total investments was dispensed on agriculture about one third of which went for the building of the dam. The political atmosphere which surrounded the building of the dam was charged and could not have permitted a rational assessment of possible negative implications. The World Bank imposed such stringent conditions on building the dam that Nasser felt indignant about patronizing American attitudes. So much so that the building of the dam became a challenge to the regime and its most pressing priority. This is best shown by quoting Nasser himself. In his speech at the opening of the first stage of the dam, Nasser said:

"There is no spot which represents the great battle of contemporary Arab man better than this site on which we stand. Here the political, social, national and military struggles of the Egyptian people intermingle and combine like the huge blocks of stone which dam up the old course of the Nile."¹⁷

For agriculture, the Dam had several positive and negative impacts which we will list here.

1. Threats of low or high floods were eliminated allowing for instance to circumvent the loss of one third of the cotton and rice crops had the dam not been built in the 1972 low floods. Furthermore, the cropping area was increased from 9,412,000 feddans to 10,855,000 feddans.
2. Crop shifts prompted by the Dam increased productivity in many areas. Maize yields had increased by 40 percent between 1964-65. The combination of added cropped area and added fertilizer use (now possible with increased availability of water) were responsible for the increase in productivity.
3. Several ecological problems were not anticipated (or were ignored) but materialized in the life of the dam. Seepage, evaporation, drainage difficulties and absence of silt, were such problem. The cost involved in dealing with these problems and their effect on the production of agricultural produce when entered into the cost benefit equation has a great potential of rendering the results negative depending on the circumstances.

4. The most severe consequence of building the dam had been the neglect of maintenance to drainage facilities. This neglect was so severe that by the mid 1970's the food and agricultural organization of the United Nation (FAO) estimated that 35 percent of the cultivated area was suffering from salinity problems. While some 90 percent of the area had problems with the water table. Later an American team warned that tile drainage neglect is threatening to affect 80 percent of the cultivated area. Richards goes as far as saying "It hardly seems an exaggeration to describe this as a national disaster."¹⁸

The land reclamation program was not as great a success as it was anticipated. By 1975 only some 309,000 feddans had reached "marginal productivity" out of the 912,000 claimed. Richards attributes the failure of these endeavors to miscalculation and to lack of funds, especially after the June was of 1967 which became a serious drain on the budget and forced many of these programs out of the immediate priorities.¹⁹

2.1.6 INCOME DISTRIBUTION EFFECTS OF THE AGRARIAN REFORMS:

Agrarian reforms remain a cosmetic change if the impact of land distribution and other measures do not improve the conditions of the peasants on the lower end of the scale. This is especially true since the absolute majority of such reforms are intended to achieve precisely this goal. Egypt's land reforms of the Nasser era are no exception. One method of measuring the change in living conditions of the peasants is to study the effect of the reform on their income.

The Neo-classical economists approach the subject and study it from a factors share point of view. The Cobb-Douglas production function is used to assess the marginal productivity of factors involved in agricultural production which in turn determine the distributive share of the factors. Isolating factor incomes, in most cases, is a difficult task, in Egypt's case it is even more difficult. "...It is almost impossible to isolate factor shares for the large section of the peasantry who cultivate their own land where all factor incomes actually merge."²⁰ Consequently taking a different approach which would explain the dynamics and evolution of income distribution between various socio-economic groups is a more workable undertaking and better explains the effect of the reforms on the living

conditions of the rural poor, taking income as a proxy. Let us first examine some general trends which were the effects of the reforms.

The tenancy arrangements enacted as part of the reform reduced the rent paid by the tenant by some £E10 per feddan annually.²¹ Since the area affected by the new tenancy regulations was about two million feddans, some £E20 million was estimated as annual savings by the tenant farmers. The Egyptian ministry of Agriculture estimates the savings to be close to £E40 million. "The discrepancy between the two estimates may be attributed to differences in average rent per feddan between lower and upper Egypt in the pre-reform period, as well as the non-inclusion of gains accruing to share croppers in the first estimate."²² The tenancy agreement specifies also that cost of cultivation and produce would be shared equally between the landlord and the tenant farmer. This arrangement tended to favour the tenant at the expense of the landlord, especially the absentee landlord. It should be remembered that in the pre-reform days the landlord provided the seed and fertilizer and got all the cotton. The labour input of the peasant-tenant was compensated for by giving him permission to cultivate the small subsistence plot for his survival. The new situation is no doubt an improvement. Abdel-Fadil warns, however, that the shift in

agricultural value added from the landlords (especially absentee landlords) cannot be construed as a permanent "structural change". It seems that the statutory rate of rent was not always respected and that the gap between the statutory rate and the market rate was widening with the rise of the latter.

Those who directly benefited from the land distribution usually cultivate the land with the aid of their families. The net income per feddan of these beneficiaries have been calculated by Abdel-Fadil. Table 2-4 shows the progression of the net income per feddan between 1952 and 1965.

The growth in the net income can be attributed to two factors. One is the increase in productivity and the other is the recovery of international prices of agricultural crops from the post-Korean low of 1952/53. When inflationary factors are taken into account we can deduce that the increase in real net income in that period was in the order of 36 per cent. A note on the purchase price of land (shown in table 2-4 and used in calculating net income) is in order here. Its decline is mainly due to down-scaling of annual installments paid for such purchases. Several decrees aimed at easing the peasants burden of finding the purchase money culminated in half of the installment payments being written off in 1961.

Table 2-4

INCOME PER FEDDAN OF THE BENEFICIARIES OF LAND DISTRIBUTION
DURING CROP YEARS 1952/3 TO 1964/5 (£.E.)

	1952/3	1954/5	1956/7	1958/9	1960/1	1962/3	1964/5
Gross Receipts	55	58	66	66	75	76	84
less cost of cultivation	-10	-7	-9	-10	-10	-11	-13
Operating Profit	45	51	58	57	64	65	71
Index (a)	100	113	129	127	142	144	158
Less: Overheads Taxes and co-op expenses (b)	-6	-6	-6	-6	-6	-6	-6
Purchase price of land	-12	-12	-12	-12	-8	-4	-1
Net Income per feddan	27	33	39	39	50	55	64
Index (a)	100	122	144	144	185	204	237

(a) Calculated by Author.

(b) Land tax is estimated at £E3, supplementary tax at £E0.3 and
Contribution towards cooperative expenses at £E3 per feddan;
Total is rounded up to £E6 per feddan.

Source: Mahmoud Abdel-Fadil, Development, Income Distribution and Social Change in Rural Egypt 1952-1970; a Study in the political economy of Agrarian Transition. (Cambridge, London: Cambridge University Press, 1975), 55.

A substantive, thorough and indicative analysis by Abdel-Fadil on income distribution by socioeconomic groups is summarized in table 2-5.

Table 2-5

Distribution of Agricultural income by socio-economic groups,
1950 and 1961

Major socio-economic recipient groups	LE million	Share in total income	MC families (000's)	% total farm population	Average Income Per head of family (LE)	(2)/(4)
	(1)	(2)	(3)	(4)	(5)	(6)
1950						
1. Wages paid to agricultural labourers (income of landless peasants)	29	5.3	1,217	55	18.4	3.39
2. Income of Landlords, By size of holdings						
< 5 feddans (poor & Small Peasantry)	55	15.0	787	35	70	0.43
15 - 50 feddans (Middle & Rich Peasantry)	92	25.0	201	9	458	2.77
> 50 (Big landowners)	144	39.0	15	1	9600	39.00
3. Rental payments for absentee landownership	58	15.7				
Net value added in agriculture (at current prices)	369	100.0	2,220	100	160	69

Continue ...

Major socio-economic recipient groups	£E million	Share in total income	NO families (000's)	% total farm population	Average Income Per head of family (£E)	(2)/(4)
	(1)	(2)	(3)	(4)	(5)	(6)
1961						
1. Wages paid to agricultural labourers (income of landless peasants)	39	9.7	970	37	40	0.26
2. Income of Landlords, By size of holdings						
< 5 feddans (poor & Small Peasantry)	119	28.0	1,381	53	82	0.53
'5 - 50 feddans (Middle & Rich Peasantry)	130	32.3	251	9	518	3.55
> 50 (Big landowners)	69	17.0	10	1	6900	17.00
3. Rental payments for absentee landownership	52	13.0				
Net value added in agriculture (at current prices)	403	100.0	2,612	100	154	1.0

Source: Mahmoud Abdel-Fadil, Development, Income Distribution and Social Change in Rural Egypt 1952-1970; a Study in the political economy of Agrarian Transition (Cambridge, London: Cambridge University Press, 1975), 58.

The table shows a marked increase in the income of the 'middle and rich peasantry'. This is consistent with our previous observations with regard to the dynamism of the land reform vis-à-vis the rise to dominance of this "mediatory" group. Similarly,

the decline in the income of the big landlords reflects our earlier discussion with regard to rent accrued and other tenancy arrangements. Of course the major reason for this group's decline in income is the loss of all their land above the three hundred feddan per family ceiling to the reform. The landless peasants' share in income increased and the number of families in this category decreased. One effect was, therefore, complemented by the other. As for the 'poor and small peasants' their income increased but so did the number of families in these categories.²³ Consequently the money income increase is more or less checked by the increase in the numbers in the group. Data for the period after 1961 was not available but examining other data Abdel-Fadil makes some tentative conclusions on the dynamics of income disparities between 1961 and 1965. These conclusion include (1) an improvement in the distribution of agricultural income reflected in the narrowing of income differences between the various groups and (2) the large income disparities between the landless laborers and poor peasants and the rich peasants persisted despite two major agrarian reforms.

Abdel-Fadil goes on to estimate movements in rural real wages as a larger category encompassing agricultural wages. The Analysis involved a complex array of indices including a cost of living index and a 'grain equivalent' method of deriving real

wages. His conclusion point to a decline in real wages during the period 1952-1962. This conclusion is then qualified by the following statement " We conclude, therefore, that all three indices [used to evaluate real wages] tend to understate the rise in the cost of living for rural laborers (unless of course counter balancing forces were operating)."²⁴

After all the effort that was put into the redistribution of land, the creation of the cooperatives and all of what that entails of costs and bureaucratic growth, a legitimate question would be: what did the peasant get out of this? Apart from legal entitlement to some land (remember this was small since both the size of the land plots and the number of those benefitting were quite small) and some small, almost negligible, improvement in income of the landed peasantry (with a serious gap growing between rich peasants and poor peasants, even more serious between the landless of their landed brethren) the lot of the Egyptian peasant did not improve much. One of the main reasons for this failure is due to the real changes that should have occurred, but did not, along with all the superficial changes that did occur.

The key element to any improvement in socioeconomic condition to any group especially the peasants is a change in the

relations of production favoring the disadvantaged group. The continuity from pre-reform Egypt in personnel, agricultural technique and marketing strategies spelled, necessarily, a continuity in the mode of production. Class relations, although changed a little replacing one elite by another maintained their basic structures and the capitalist mode of production persisted despite of [or perhaps because of] the land reform.

The agrarian reform of Nasser came out of a bureaucratic/military mentality. It had the power of a central authority that such reforms need but it did not have the thorough planning and sensitivities they must have to succeed. These sensitivities must incorporate peasant traditions with a transformation of social relations deep enough and thorough enough that would break the link with the old relations of production and replace them with new ones. Chinese communes and Soviet Kolkhozes were not the structures emulated by the Egyptians. The planners of the communes and the Kolkhozes realized from the beginning that the agricultural problem was not purely a technical one.

2.2 THE SADAT AGRICULTURAL POLICIES

Substantiating the claim that leaning to the right and liberalization had begun in the days of Nasser is no easy task. However, that these two trends became the trademark of Sadat's Egypt is an acknowledged reality. The smoothness with which the transition occurred is often considered as a proof of the earlier claim. To be sure, today's Egypt is not at all similar to Nasser's Egypt and this change is not a result of simple evolution of Nasser's policies. Sadat changed these policies to leave his mark on Egypt. His logic had a natural appeal to it. It was simple and could not be argued against. The war with Israel had been draining the economy for a long time. Peace, therefore should reduce military expenditure and allow for a reallocation of resources into the productive sectors. The "socialist orientation" espoused by Nasser did not result in great achievements and it must be changed; so went the argument. Privatization, the expulsion of the 17,000 Soviet technical advisors and the Camp David agreement were Sadat's first steps towards the change for which he paid his life and the aftermath of which is still reverberating throughout the country. In October 1981 Husni Mubarak was confirmed as president after vowing to continue on Sadat's footsteps. And, that he did.

Law 43 of 1974 and a subsequent amendment 32 of 1977 gave way to the political and economic philosophy expressed by Anwar Sadat in what is known as the October paper. The law was aimed at restoring many of the pre-Nasser economic conditions with an added emphasis on use of foreign capital. After a few years of the closure of the canal, lack of remittances from Egyptians abroad, little if any income from the depressed oil markets and heavy military expenditures the economic situation was bound to suffer.²⁵ But would such a complete turn about bring recovery to the economy or was this change effected for reasons other than purely economic? One cannot escape but remark the ideological rift between Sadat and Nasser at least in the later years and the former's closeness to the Americans on one side and some sectors of the landed aristocracy (now small inside the country and preparing itself to return from its exile), and wonder to what extent have these factors played a role in determining the future orientation of Egypt's Economy. To be sure, it was necessary that a social class existed to take upon itself the responsibility of executing the policies espoused by Sadat. So where did this class come from? Samia Saïd sees three main sources for the capitalists of the 1970's.²⁶ First the remnants of the old capitalists whose enterprises had undergone the changes of the nationalization period, second, elements of the bureaucratic bourgeoisie who had high positions in the public sector and benefited from the

political and economic changes of the late sixties and early seventies, and third, the "parasitic" elements that grew in the early seventies.²⁷ It should be noted that the ruling elite was completely aware of this necessity and fashioned its laws to make the recall of these elements possible. The role of these groups in re-establishing their foothold in the economy is best explained by Richards:

"These groups have little if any interest in altering the current free wheeling state capitalism, with the lucrative contracts and side-payments for which Infitah has become famous. Powerful rural interests likewise blocked agricultural reforms: The second stratum of landholders have relatively little stake in price reforms (since they can either pay fines or opt out of government-imposed crop-rotations as can any farmer with more than five feddans). They benefited from the mechanization subsidies, complained bitterly about labour shortages and through their representatives in parliament, have repeatedly blocked any discussion of the land tax."²⁸

Agriculture was much less affected than industry, construction or the service sector, and economic dynamics, turbulent as it may have been, was dwarfed by political dynamics. The man that inherited Nasser's Egypt was one of the original free officers who conspired to overthrow the king. He lived the Nasser revolution, helped in formulating its policies and joined in implementing them. He was, however, always overshadowed by Nasser's greatness. It was, then, natural that after the latter's

death Sadat would want to be seen if not grander, at least with the same grandeur as Nasser. His obsession in "searching for his identity" and "leaving a mark" were instrumental in his coalescence and coercion into the Camp David accords.²⁹

It goes without saying that Sadat's policies did not take place in a vacuum. They did not come out of nowhere. The growing Egyptian population, the poor state of Egyptian agriculture with its cooperatives and pricing policies and an enormous bureaucracy were some of the realities that faced Sadat. Population growth was not being met with an equal growth in agricultural produce especially foodstuffs, the disintegration of the drainage system needed some desperate action and most importantly the massive military expenditures were blowing to pieces any hopes of industrialization and development financed by the agricultural surplus. In short, the regime needed cash and their Soviet allies were not willing to supply it, or perhaps, were not able to. In view of the inability of the revolution to sustain itself and radically restructure the Egyptian economy and in view of the failure of the social transformation needed to carry such radical restructuring, the revolution of 1952 was bound to come to an end. In other words, in absence of a transition to socialism and self-sustained development, the revolution of 1952 received its bullet of mercy on the hands of Sadat. Having dispensed with the

business of transition to socialism and revolutionary radical reforms, Sadat set to accomplish the task at hand. The needed cash was not to come free. The price was political and indirectly strategic. The steps of rapprochement taken to appease the conservative Arabs and the Americans were to launch Sadat into the new Egypt of the 1970's and 1980's.

On the economic front, becoming credit worthy in the United States' eyes required the establishment of some conditions which are by now well known. Liberalizing the economy is the catchword that most simply describes these conditions. But there is nothing simple about this liberalization. Gradually all production subsidies were to be removed, the currency was to be allowed to float and improvement of economic relations with the West were to occur if Egypt was to get the cash. In short, the period in which Egypt was a little immune from the world economic crisis and its erratic changes was to be concluded. Restrengthening the ties of integration of Egypt into the world capitalist system was the prerequisite which Sadat carried out faithfully. The limits of this Western-style liberalization were tested in January 1977 when, following recommendations of the IMF and the World Bank, food subsidies were removed and Cairo's streets reverberated with the people's response which was the greatest demonstration of popular unrest since the 1952 revolution.

As if what Sadat had inherited in terms of problems were not enough, two new factors, which neither Sadat nor Nasser anticipated, exacerbated the situation even more. Even the relative insulation from the world economic changing trends, afforded by Nasser's policies, could not have been effective, if they were still standing, in shielding Egypt from the simultaneous rise in the world prices of wheat and oil. These two events however, occurred when Sadat had already brought Egypt into free trade and within the scope of the world capitalist system, and consequently their weight was all that much more substantial. The increase in the price of wheat, coupled with population growth, increased demand for agricultural goods, especially food. And the change in the international energy market put a dramatic increase on external demand for labour which directly affected the supply of agricultural goods. The interaction of the opposing dynamics of this supply and demand was to become the main characteristic of the new agricultural policies. The resulting decline in food supply and increase in food demand, combined with the rise in wheat prices, caused the trade surplus in agriculture, that had been maintained for years, to decline and become a deficit shortly after Sadat's takeover. Table 2-6 shows how the food imports have augmented causing the growing deficit.

Table 2-6

FOOD IMPORTS, 1970 - 1980

Year	Metric Ton	Value (million \$US)	Balance of Agricultural Trade (agr.x - Agr.m)
			Value (million \$US)
1970	1305730	70.7	+3027.6
1971	2447840	162.56	2478.9
1972	1773620	119.16	2263.1
1973	1872210	171.43	3998.5
1974	2997320	738.91	-2247.5
1975	3822370	732.66	-6466.8
1976	4347270	701.63	-6357.3
1977	4935590	681.51	-7202.6
1978	5961600	809.46	-13326.9

Source: Alan Richards, Egypt's Agricultural Development, 1800-1980, Technical and Social Change, (Boulder, Colorado: Westview Press, 1982), 211.

2.2.1 FACTORS AFFECTING THE INCREASE IN DEMAND FOR FOOD

The rate of growth in Egypt's population has, for a long while, been one of the highest in the world. In the rural areas, children, since they work in the fields with their parents at a young age, are considered a source of income. Lack of social insurance and old age pension resulted in similar thinking in the city. Children could be sent to work early to bring in extra money. Education in primary schools was free of charge. This, presented another catalyst for having children. The cost of raising them was reduced. The reasons for the high rate of

population growth is not of importance here. What is important is to remark that this growth was one of the main reasons for the great increase in demand for food. The increase in population rates are shown in table 2-7 below.

Table 2-7

POPULATION, RATES OF BIRTH, DEATH AND
NATURAL INCREASE

(rates per thousand population)

Year	Population (thousands)	Birth Rates	Death rates	Rate of Natural Increase
1952	21437	45.2	17.8	27.4
1953	21943	42.6	19.0	23.0
1954	22460	42.6	17.9	24.7
1955	22990	40.3	17.6	22.7
1956	23532	40.7	16.4	24.3
1957	24087	38.0	17.8	20.2
1958	24655	41.1	16.6	24.5
1959	25237	42.8	16.3	26.5
1960	25832	43.1	16.9	26.2
1961	26579	44.1	15.8	28.3
1962	27257	41.5	17.9	23.6
1963	27947	43.0	15.5	27.5
1964	28659	42.3	15.7	26.6
1965	29389	41.7	14.1	27.6
1966	30139	41.2	15.9	25.3
1967	30907	39.2	14.2	25.0
1968	31693	38.2	16.1	22.1
1969	32501	36.8	14.4	22.4
1970	33329	35.6	15.0	20.6
1971	34076	35.1	13.2	21.9
1972	34839	34.4	14.5	19.9
1973	35619	85.7	13.1	22.6
1974	36417	35.7	12.7	23.0
1975	37233	37.7	12.2	25.5
1976	38228	37.6	11.7	25.8
1977	39860	37.6	12.0	25.8

 Source: Alan Richards, Egypt's Agricultural Development, 1800-1980, Technical and Social Change, (Boulder, Colorado: Westview Press, 1982), 213.

Along with this high level of fertility there existed an increasing trend of rural-urban migration. This trend along with some growth in urban incomes put an even higher demand on foodstuffs. The construction boom financed by the concessionary financing, the elite and professionals' rise in income and the revival of tourism all were involved in increasing the demand for food.³⁰ In fact all foods such as wheat, meat, vegetables and other high income-elasticity goods showed an increase in demand.

2.2.2 FACTORS AFFECTING THE SUPPLY OF FOOD

Table 2-8 shows the growth in production of major foodstuffs and cotton. The trends seen in the table show a sluggish growth in food supply.

There are several reasons that account for this slowness. It had been shown earlier that Sadat inherited a considerable number of problems in the agricultural sector. These problems battered the response to food demand to the slow pace shown above and some additional problems aggravated the situation even more. Let us examine these problems.

Table 2-8

PRODUCTION OF MAJOR FOOD STUFFS, 1970 - 1978

Crop	1970	1971	1972	1973	1974
Cotton, unginne	1404	1418	1422	1368	1204
Maize	2393	2342	2417	2507	2640
Sorghum	874	854	831	853	824
Beans	277	256	361	273	234
Rice (Paddy)	2605	2534	2507	2274	2247
Wheat	1516	1729	1616	1837	1884
Vegetables	5159	5232	5415	5688	6006
Sugarcane	6945	7498	7713	7349	7018
Citrus Fruit	706	883	825	923	963
Dates	294	340	396	380	396
Other Fruits	384	441	522	515	612
Livestock products					
Meat	284	288	295	299	302
Milk	1589	1614	1640	1666	1692
Poultry	90	98	102	102	112
Eggs	50	53	54	58	56
	1975	1976	1977	1978	
Cotton, unginne	1061	1084	1260	1381	
Maize	2781	3047	2724	3117	
Sorghum	775	759	648	681	
Beans	234	254	270	231	
Rice (Paddy)	2423	2300	2272	2351	
Wheat	2033	1960	1697	1933	
Vegetables	6520	6922	6750	7746	
Sugarcane	7902	8446	8379	8296	
Citrus Fruit	1013	889	797	990	
Dates	415	417	461	377	
Other Fruits	640	705	644	718	
Livestock products					
Meat	n.a.	313	321	324	
Milk	n.a.	1750	1780	1801	
Poultry	n.a.	129	121	115	
Eggs	n.a.	76	n.a.	n.a.	

Source: Alan Richards, Egypt's Agricultural Development, 1800-1980, Technical and Social Change, (Boulder, Colorado: Westview Press, 1982), 214.

The first of these has to do with an age long practice that the revolutionary forces of Nasser could not change, precisely, because of the failure to transform social relations and to mobilize the masses. A local brand of bricks had been made out of the silt gathered from irrigation canals since the days of the Pharaohs. With the perennial system introduced with the reforms, all the silt remained in the canal. The canals were then cleaned and the silt spread over the fields but not before losing substantial portions of it to the brick makers. With the growth in population the housing pressure augmented and so did the demand on these bricks. The loss of the silt, consisting actually of a robbing of top soil, was becoming a serious constraint on agricultural production. The price policies discussed earlier continued to cause a shift in lands cultivated with grain and cotton. The effect of these policies was not altogether negative since output in vegetables, meat and milk increased while that of cotton and cereals for export declined.

After 1967 there were no land reclamation projects initiated. Costs of such projects had become too high not only relatively in view of the newly created military budgetary needs (after 1967 war), but also in the absolute, due to the deterioration of soil quality and decline in cost effective cultivable land. The problem of drainage which was described by Richards as disastrous was becoming more serious with the passage of time. In fact "there is a consensus among students of Egyptian

agriculture that the lack of adequate drainage is the major constraint to increasing agricultural supply."³¹ Correcting the drainage problem needed a lot of cash, a very scarce commodity in post war Egypt. The World Bank came to the rescue and supplied enough credit to augment expenditure on drainage from 9 to 28 percent of total agricultural investment from 1969 to 1975. Drainage projects covering up to 3 million feddans have been approved. As in many aid projects corruption was a problem that seems to be playing its role in the drainage maintenance projects. The construction boom put a demand on construction materials and Engineers and managers of the drainage projects benefited from the high black market prices created by this new demand. Buying the materials as subsidised items changing or ignoring engineering specification and selling on the black market what they could hoard of these materials was the order of the day.

2.2.3 POLICY RESPONSES

With the rise in the world oil prices, the Gulf region required a great deal of skilled and unskilled labour. In the urban and rural areas of Egypt, the Gulf found what it needed and the outmigration from the rural areas to the gulf and to the city reached a phenomenal peak in the seventies. The direct implication of this was a great inflow of hard currency which was instrumental in causing a surplus in the balance of payments. The

surplus was used to pay for the deficit in agricultural trade and it kept agriculture in the background vis-à-vis the new policies. INFITAH inspired as it was by the World Bank, the IMF and other Aid agencies mainly of the US - emphasized the reduction of government involvement in the economy. Furthermore, Egyptian planners put an added emphasis on industry considering it the solution for Egypt's economic problems. All of this translated into a reduction in public investment in agriculture from 25 percent of the total investment in 1965 to only 7 percent in 1975.³² The pricing policies on the other hand insured that private investment did not go above the 5 percent mark (of total fixed investment).³³ These private investments have gone into expanding the fruits and vegetables areas. The investment in these goods is a natural response to the increase in food demand. Not only is the rate of return on these investments higher than on other agricultural investments but they allow for maximum use of land sometimes allowing triple cropping and due to the labour intensive nature of this type of crop cultivation would necessarily alleviate the rural unemployment problem.

2.2.4 MECHANIZATION

Another policy objective has been to reduce the use of animal power and to increase mechanization. The conditions for this are now more ripe than the mid to late 1970's. Not only is energy cheaper than what it used to be, but also it is more

readily available in Egypt after the discovery of profitable production of oil began in the late 1970's and early 1980's. Mechanization would also alleviate the need for birsim (clover) used for food for the work animals. Most of the 25 percent of cultivable land would then be freed for food production and cattle would be directed toward meat and milk production.

Substituting food crops for birsim has been argued against on several grounds. First, current birsim yield can be raised by 95 percent if the proposed drainage projects were carried out.³⁴ This allows for reducing the area allotted for birsim cultivation without the cutting of birsim production. Second, birsim is a nitrogen fixing plant that supplies the cotton fields with this essential nutrient (almost all cotton cultivation is done in rotation immediately after birsim). Third, with liberalization and increased prices of meat and milk, birsim has acquired a new and higher profitability margin.

The government's commitment to mechanize is reflected in its subsidizing of the tractor industry which has been producing over 1000 tractors every year since 1973 and in the increased import of tractors and other machines. Of the 28,000 tractors (see table 2-9) found in Egypt in 1978 some 80 percent were privately owned. Here again the well-to-do peasant is favoured. Rich peasants owning tractors rented them to poorer peasants and rid themselves

of the burden of paying wages to many landless labour now replaced by the tractors.

Table 2-9

TRACTORS STOCKS, FLOWS, 1948 - 1978

Year	Tractor Stock	Tractor Imports	Domestic Tractor Production
1948	5400		
1949			
1950	9972		
1951			
1952			
1953	8850		
1954	10355		
1955	10750		
1956	10753		
1957	12086		
1958	10994		
1959	10994		
1960	10994		
1961	10994		
1962	10999		
1963			
1964			
1965	14500		
1966	15000		
1967	15400		895
1968	15572	3719	731
1969	16962	3182	484
1970	17500	1901	1071
1971	18500	1632	1050
1972	18500	1670	937
1973	20036	1500	1143
1974	21000	1952	1259
1975	21500	2850	1435
1976		3398	2500
1977		6061	1000
1978	29784		1260

 Source: Alan Richards, Egypt's Agricultural Development, 1800-1980, Technical and Social Change, (Boulder, Colorado: Westview Press, 1982), 204.

Arguments for mechanization of farming are many and varied. In the case of Egypt, the argument is oriented toward the mechanization of three specific operations: water pumping, land preparation and grain threshing. All of these three operations use animal power extensively. As advanced earlier if mechanization is to reduce animal labour in hope of reducing demand on fodder freeing land for food production then some questions would have to be answered. What is the impact of this mechanization on rural employment? What will be the use of the freed land? How is this mechanization going to affect other agricultural operations?

Water pumping is traditionally done by animals tended by children. The mechanization of water pumping, first, relieves children from these tasks and allows them to be involved in more useful activities such as schooling in preparation for exiting the rural poverty in which they live. Second, relieving animals from these tasks allows for improvement in both the quality and quantity of milk and meat production. World Bank analysis suggests that animals who do not work can double their milk yield. However, since water pumps save little labour (child labour is mostly unpaid labour) the rate of return on these investments is relatively low and the incentive to install them is not always clear to the peasants. More importantly, small peasants cannot afford buying these pumps. They, similarly, cannot afford neither the cost of repairing them nor the cost of

waiting long periods of time for such repairs, basically due to lack of skilled labour. Furthermore, the presence of a water buffalo in a rural household plays many roles. Not only does it provide power for traction and water pumping and an important, and often the only, source of protein in the peasants' diet in the form of milk and cheese but they also provide insurance for the years of low crop yield where the peasant can either sell his animal or use it as collateral for badly needed credit.

As for soil preparation and grain threshing, Richards presents a concise but fairly technical argument in which he uses a spectrum of sources such as the World Bank, Indian writers describing their own experiences and American writers doing the same to conclude that no higher yield can be obtained from mechanization. Some quotes may better consolidate this point. The Indian studies "fail to provide much support for the yield increasing effect of tractor cultivation."³⁵ While the World Bank study acknowledges that "tractor ploughing does not at present result in an improvement in work quality and only in some cases does it improve timeliness as farmers delay cultivation to await the tractor."³⁶ And another World Bank confirms that "under existing conditions, the only advantage in using mechanical ploughs as opposed to animal ploughing is the lower cost."³⁷ The only savings that seem to take place here are those arising from reduced wheat losses in transporting the seeds to the planting fields.

Mechanization efforts are then likely to improve some aspects of agriculture production and not others. The most visible improvements are in the areas of increased wheat and milk supplies and reduction in maize and grain supplies. This seems to be desirable from the nutritional point of view but the distributional effect undermines this possibility. This is best explained by Richards:

"Both the urban and the rural poor consume proportionally much more maize than do the urban middle classes and foreign tourists. It is not plausible that the poor will be able to substitute meat for the grain which has now become more expensive because of reduced supply. A much more likely scenario would be 1) the reduction in grain supplies increases grain prices which 2) leads to a reduction in the poor's consumption of meat because of a) the large income effect which an increase in grain prices represents for such consumers and b) the higher income elasticity of meat and milk products.³⁶ The high grain meat conversion ratio makes it very likely that increased meat supplies will fail to offset such a dynamic. The problem here is especially severe if, as many experts believe, the primary nutrition problem in Egypt is under nutrition (i.e. not enough calories) rather than malnutrition (although pellagra does continue to be a problem in some areas)."³⁹

2.2.5 MECHANIZATION, RURAL WAGES AND LABOUR SUPPLY

The trend in real wages increase in the rural agricultural sector observed by Abdel-Fadil continued well into the 1970's. Table 2-10 shows the movement of these wages from 1966 to 1978.

Table 2-10

DAILY WAGE RATE IN RURAL EGYPT, 1966 - 1978

Average Daily

Year	Money wage		Cost of	Real
	P.T.	Index	Living/Rural consumer Index	Wage Index
1966	25.5	850	468	181
1967	25	833	479	174
1968	24	800	499	160
1969	25	833	536	155
1970	25.5	850	576	147
1971	25.8	860	580	148
1972	26.5	883	613	144
1973	28.5	950	661	144
1974	35.1	1170	753	155
1975	46.5	1550	845	183
1976	61.6	2053	947	217
1977	76	2533	1039	246
1978	90	3000	1199	250

Source: Alan Richards, Egypt's Agricultural Development, 1800-1980, Technical and Social Change, (Boulder, Colorado: Westview Press, 1982), 229.

The increase in real wages is probably a little understated. The data show real wages per day with the day being closer to the old traditional sunrise to sundown time span. Not only has the agricultural work day been shortened to end around 2:00 PM but workers often ask for meals, cigarettes and tea and receive them as fringe benefits not included in the above calculation. In other words the general trend shows a clear increase in real wages which reflects a shortage in the labour supply. Such shortage brought about by several factors such as 1) reduction in the number of landless peasants, 2) increased rural-urban

migration prompted by the mid 1970's construction boom, 3) migration of workers to the Gulf area, 4) improved tenancy and wage labour situation in general.

Although migration both rural-urban and out migration have been the key to the decrease in rural labour supply another such source has been the military. Seeing that veterans have a guaranteed regular income, rural peasants, especially the landless ones, joined the army in search of that ever elusive guaranteed income. Their tour of duty in the army, usually, is incentive enough for them not to return to their villages. Education, limited as it may be, has also played a role in swaying the rural youth away from the back breaking labour in unmechanized agriculture. All of these factors combine to put a squeeze on the labour supply. Another type of squeeze, a profit squeeze is at play here. The "profit squeeze" mainly arises out of upward movements in prices (controlled by the government) that are slower than the parallel upward movement in cost (especially labour costs). The profit squeeze, the labour shortage and the ensuing increase in real wages were driving forces behind the mechanization push of the late 1970's. The wide array of subsidies on other inputs was another such force. Credit for purchasing farm equipment was given in large amounts and at low terms (between 5 and 12 percent) and with an inflation of at least 20 percent the real interest rate on such loans was

negative. Tariffs on tractors were removed, fuel was subsidized and so was electric power for pumps and other equipment.

The spread of mechanization seems to have had another catalyst that has not existed in many other societies. This catalyst is none other than the worker's remittances that have so changed Egypt's economy. A part of these remittances although difficult to establish how much, was sent to the peasants of rural areas by their migrating and contributed, no doubt, in a fundamental way to the ability of the remaining peasants to increase their capital investment and mechanize.

2.2.6 INFITAH AND THE REST OF THE ECONOMY

Understanding what had happened to agriculture, under the *Infitah* policies requires some understanding of the other, non-agricultural developments during the same period. A brief look at these developments should then situate agriculture with rest of the economy, as it stands now, and after its long evolution.

Since 1974, when the vestiges of *Infitah* first appeared an initial increase in investment led to substantial increases in the growth rate of the Egyptian economy. However, when all the dust from the stampeding investors had settled the picture was not as pretty. Military spending had increased from E\$1.6 billion

in 1982 to E£2.8 billion in 1983 alone. Foreign debt increased 11 fold from 1970 to 1985, totalling \$34.5 billion at the end of 1985. \$9.2 billion of these were for military purposes owed mainly to the United States.⁴⁰ While payments plus interests equalled 4.1 % of GNP in 1973, a decade later they added up to 18 per cent. The non military debt service in 1984 required 32 per cent of the country's foreign exchange revenues.⁴¹ Table 2-11 Below shows the growth of foreign debt up to 1985.

Table 2-11

FOREIGN DEBT BURDEN
(US\$ billions)

	1979-82 (average)	1983	1984	1985
Total debt	21.1	27.7	31.0	34.5
Civilian	16.5	20.3	22.5	25.3
Military	4.6	7.4	8.5	9.2
Total debt service	2	3.2	3.3	3.3
Principal	1.2	1.9	1.9	1.7
Interest	0.8	1.3	1.4	1.6

Source: Paul Jabber "Egypt' Crisis, America's Dilemma" (Foreign Affairs, 1986), 969.

Bank capital was the first to rush into Egypt upon the announcement of the open door policy via bill 43 of octobere 1974. The number of foreign and mixed banks operating in the country rose to 57. The bulk of their assets is made up of Egyptian's deposits; by late 1981 it totalled E£ 2.2 billion against E£ 84.3 million derived from foreign sources. These banks invest the greater part of their funds - about E£ 1.5 billion - abroad,

thereby contributing to the outflow of Egyptian and not the inflow of foreign capital.

The assets of "Infitah enterprises" which went into operation before the end of 1981 show the following cross section: Egyptian capital makes up 67 per cent; other Arab capital 17 per cent; Western Europe 8.8 per cent; and U.S. capital 2.4 per cent (The oil industry excluded). Nevertheless, it is U.S. capital that controls decision-making in the Egyptian economy, using organizations like the U.S. Agency for International Development, a mixed commission representing Egyptian and U.S. business, the IMF and the IBRD⁴².

Furthermore it is interesting to note that about 50 % of Egyptian capital is state capital, or capital drawn from state enterprises. The pattern of investments in terms of sectors reveals the general picture of investments that were taking place at the time in Egypt. Banking sector 37%, Insurance companies 10%, construction companies 19%, chemicals 7%, transportation 6.2%, services 4.3%, foods 3.5%, tourism 2.5% petroleum 2% and other 8.5%⁴³. The relatively tiny share of investments in the productive sectors reveals a serious and unmistakable bias towards the sectors that have a high and rapid rate of return. While this is to be expected from foreign investors it is surprising to find it among local investors, especially the state.⁴⁴

Table 2-12

STRUCTURE AND GROWTH OF GDP BY SECTOR
1955-56 TO 1978

Share of GDP at constant prices

Sector	1955-56	1961	1970	1976	1978
Agriculture	34	32	28	28	25
Manufacturing, Petroleum, mining	18	20	21	22	24
Electricity	...	1	2	2	2
Construction	2	3	5	5	5
Transport and communication	6	7	5	8	9
Trade and Finance	11	10	9	13	13
Housing	7	6	5	2	2
Other services	22	21	25	20	20
Total (average)	100	100	100	100	100

Average annual growth rate at constant prices

Sector	1955-56	1960-61		1971-75	1975-78
	1960-61	1965-66	1966-71		
Agriculture	3.5	3.7	1.6	2.0	2.7
Manufacturing, Petroleum, mining	8.0	6.6	4.7	4.2	12.7
Electricity	...	14.0	15.3	15.0	9.4
Construction	9.3	16.6	3.0	2.0	8.7
Transport and communication	9.4	11.3	-6.0	13.9	34.0
Trade and Finance	4.0	2.2	3.4	9.0	13.9
Housing	2.6	1.5	2.1	2.0	4.7
Other services	4.0	7.6	5.6	7.3	3.0
Total (average)	5.3	6.1	2.9	5.5	8.6

Note: 1955-70 prices at 1964-65 prices
1970-75 prices at 1970 prices
1975-78 prices at 1975 prices

Source: Khalid Ikram Egypt: Economic Management in a Period of Transition (Baltimore: The John Hopkins University Press, 1980), 32.

With respect to the rest of the economy agriculture grew at a rate that was inferior to other sectors. Table 2-12 shows the growth of agriculture and other sectors in the domestic product and shows the various annual growth rates.

After 1967 (the year considered by most to be the point at which Nasser's policies began to fade in favour of those of Sadat's) we see a marked slowdown in agricultural output. The growth rate of this sector is shown in the table to be the lowest among all sectors. Similarly Table 2-13 shows employment in this sector as compared with other sectors of the economy. The declining trend is obvious and unemployment or underemployment is not accounted for.

Table 2-13

EMPLOYMENT BY SECTOR

Individuals employed each year in thousands

Sector	1971	1974	1975	1976	1977	1978	1979
Agriculture	4471	4121	41218	4068	4103	4135	4165
Industry*	1045	1150	1175	1200	1247	1297	1352
Electricity	26	38	41	47	48	51	60
Construction	195	315	447	480	457	538	629
Distribution	1131	1279	1371	1429	1495	1542	1581
Services	1541	2036	2354	2422	2535	2653	2773
Total	8409	9030	9606	9646	9885	10216	10560

Rate of growth

Sector	1974-8	1978-9	1971-9
Agriculture	-0.5	0.7	-0.9
Industry*	3.0	4.2	3.3
Electricity	7.6	17.6	11.0
Construction	14.3	16.9	15.8
Distribution	4.8	2.5	4.3
Service	6.8	4.5	7.6
Total	3.1	3.4	2.9

*includes employment in mining and petroleum.

Source: Henry Burton "Egypt's Development in the Seventies"
Economic Development and Cultural Change 31 (1983), 690.

The reason for the decline can be understood in light of the figures shown in table 2-14. where wage rates in agriculture beside being the lowest among all sectors have maintained a noticeably slow pace of growth.

Table 2-14

AVERAGE ANNUAL WAGES AND SALARIES
BY ECONOMIC SECTOR, 1969-70 TO 1975
(Egyptian Pounds at current prices)

Sector	1969-70	1970-71	1972	1973	1974	1975 (a)
Agriculture	53.0	55.6	57.3	60.5	65.1	87.0
Industry & Mining	191.8	248.2	257.1	287.1	297.0	311.0
Construction	184.6	190.5	198.6	222.6	233.2	340.0
Transport and communications	245.6	260.3	266.7	279.7	291.4	315.0
Trade and Finance	158.0	162.7	182.0	190.1	195.5	219.7
Other	283.1	299.4	305.9	320.0	366.9	n.a.
Overall average	142.6	157.3	167.5	179.7	195.2	244.0
Real Wages (b)	142.6	153.6	158.5	156.5	153.9	n.a.
Annual change (%)	-	7.7	3.2	-1.3	-1.6	n.a.

n.a. Not available.

a. Provisional

b. Deflated by CPI, 1969-70 = 100

Source: Khalid Ikram Egypt: Economic Management in a Period of Transition (Baltimore: The John Hopkins University Press, 1980), 211.

The combination of these tables reveals a tragic picture of agriculture on the hands of the *Infitah* Policies. Food imports shown earlier in Table 2-6 provide a preliminary view at the trend that Egypt is following in the import of such a strategically important item as food. Food dependence has long been used as a weapon and Egypt has fallen as one of its many victims. It took however a Sadat to bring about the needed changes on the political and economic levels to tie Egypt into the world food market that is so dominated by imperialist powers.

"PL 480 wheat to Egypt rose more than a hundred fold, from \$2.6 millions in 1974 to \$287 in 1981... Over \$2.5 billion has been obligated to Egypt under Title I [a debt category owed to the US] from 1973 to 1986."⁴⁵ The US Secretary of Agriculture, Earl Butz, best describes what can be done with food and how it is viewed by his government:

"I Went down to Cairo with a little wheat in my pocket and they had the red carpet out for me there... I was speaking the language of food, and they understand."⁴⁶

Notes to chapter II

1. The pashas were given a period of time in which they could sell parts of their land so that they are left with no more than 300 feddans thereby avoiding expropriation.

2. Mahmoud Abdel-Fadil, Development, Income Distribution and Social Change in Rural Egypt, 1952-1970, A study in the Political Economy of Agrarian Transition, (Cambridge, London: Cambridge University Press, 1975), 22.

3. Ibid., 22.

4. Samir Radwan, Agrarian Reform and Rural Poverty, 1952-1975: Egypt (Geneva: ILO, 1978), 23.

5. Alan Richards, Egypt's Agricultural Development, 1800-1980, Technical and Social Change, (Boulder, Colorado: Westview Press, 1982), 180.

6. Samir Amin, L'Egypte Nassérienne (Paris: Minuit, 1964), 10-11.

7. Mahmoud Abdel-Fadil, (1975), 41-43.

8. Jamal Abdel-Nasser in an interview with the editor of Pravda June 1962, quoted in Patrick O'brien, The Revolution in Egypt's Economic System, (London: Oxford University Press, 1966), 137.

9. After 1957, a department of the ministry of agriculture.

10. Gabriel S. Saab, The Egyptian Agrarian Reform 1952-1962, (London: Oxford University Press, 1967), 54.

11. Alan Richards, (1982), 181.

12. For a good discussion of the detailed steps taken by the reforms refer to Saad Gadalla, Land Reform in Relation to Social Development Egypt, (Columbia: University of Missouri Press, 1962), and Gabriel S. Saab, The Egyptian Agrarian Reform 1952-1962, (London: Oxford University Press, 1967).

13. Mahmoud Abdel-Fadil, (1975), 106.

14. Alan Richards, (1982), 183.

15. Peter Timmer, "Food Prices and Food Policy Analysis in LDCs" Food Policy 5,3 (August 1980) 188-199.

16. Hansen, B. Nashashibi, K. Foreign Trade Regimes and Economic Development: Egypt (New York: N.B.E.R, 1975), 137-199

17. Alan Richards, (1982), 243.
18. Alan Richards, (1982), 190-199.
19. Ibid.
20. Mahmoud Abdel-Fadil, (1975), 51.
21. The annual statutory rent was fixed at £E21 per feddan calculated at seven times the basic land tax (averaging £E3 per feddan).
22. Mahmoud Abdel-Fadil, (1975), 53.
23. Refer to our earlier discussion of land distribution.
24. Mahmoud Abdel-Fadil, (1975), p 70.
25. The decline of the world oil prices resulted in a halt to many of the construction projects in the gulf region which used Egyptian labor. This caused a sudden return of many thousands of Egyptian workers to their country and a subsequent serious decline in workers remittances.
26. Presented in her masters dissertation to the University of Cairo, Octobre 1985. Quoted in Alnahj, vol. 12, p. 146
27. By parasitic elements we mean those individuals who derive their income from side payments, and corruption due to their position in the government bureaucracy or their closeness to it.
28. Alan Richards "Ten Years of Infitah" The Journal of Development Studies (1985): 332. By the second stratum of landholders it is meant the medium sized landholders, say those with more than twenty feddans, some 31,000 in all owning more than one third of all farm land.
29. For an excellent review of Sadat as a leader and the psychological influence on his policies see Anwar Abdel-Malek, Egypt: Military Society (New York: Holt, Rinehart & Winston), 1968.
30. From 1973 to 1978 tourists arrivals increased from 535,000 to 1,0520,000. CAPMAS, Statistical Yearbook, (Cairo: 1979), 203, quoted in Alan Richards, (1982), 247.
31. Alan Richards, (1982), 215.
32. Alan Richards, (1982), 217.
33. Ibid.

34. H.A. El-Togby, Contemporary Egyptian Agriculture (Cairo: Ford Foundation, 1976), 135, quoted in Alan Richards, (1982), 219.

35. Hans Binswanger, The Economics of Tractors in the Indian Subcontinent: An Analytical Review (Hyderabad: I.C.R.I.S.A.T., 1977).

36. World Bank, Arab Republic of Egypt: Agricultural Development project (Minufiyya-Sohag). (Staff Report, 1977), 3.

37. World Bank, Arab Republic of Egypt: Agricultural Development Project (Minufiyya-Sohag), (Staff Report 1978), 16.

38. cf. John W. Mellor, "Food Price Policy and Income Distribution in Low Income Countries". Economic Development and Cultural Change. 27, 1 (Oct., 1978), 1-26. Of course, the poor may be protected from such effects by government subsidies. In that case the government would have to increase its food imports, thereby reducing foreign exchange and raising the social opportunity cost of capital.

39. Alan Richards, (1982), 223.

40. Paul Jabber, "Egypt's crisis, America's dilemma", Foreign Affairs 1986, p. 968.

41. This is expected to increase to 50 % of foreign exchange revenues with the falling Oil prices.

42. See Kamel, Michele, "What has Happened in Egypt", World Marxist Review, March 1984 p 60-65.

43. Ibid. p. 60-65

44. The state is usually expected to be involved in developing those sectors which have a long term effect on the economy. Those include industry, agriculture and infrastructure. Other economic activity of short duration but of high return are more sought by private investors. This especially true in view of the employment potential of these "productive sectors".

45. Jean Jacques Dethier and Kathy Funk "The Language of Food: PL480 in Egypt" Middle East Report (March-April 1987), 22-27.

46. Ibid., 22.

CONCLUSION

In analyzing agricultural development of any country certain paradigms are used to bring the facts into some form of coherent story that fits these facts and that has some relation to theory. The constraint on agriculture and its development have thus been explained in a different way by different schools.

In this paper we have documented and listed many facts. We have shown their historical evolution and we have along the way stopped at various important historical junctures. This historical approach is, in our opinion, the most suitable for understanding the agrarian question. The current Egyptian agricultural situation is the result of historical events, natural and forced. It is the result of long term dynamics borne out of contradictions, between internal forces (among each other, in the form of social classes) and external ones (Colonial and Neo-Colonial). A brief sketch of other schools sets up the final analysis of the evolution of disarticulation in Egypt's agriculture.

The Neo-Malthusians attach the crisis in agriculture to the dynamics of population growth and the pressures ensuing from this dynamics. It is thought that large increases in population mean more mouths to feed, more educational, social and health costs; all taking away from investment in agriculture. This, therefore, puts an extra constraint on an already very limited resource. Barry Commoner has shown that the causal relation go from poverty to overpopulation and not the other way around.¹ In rural areas and in particular in the subsistence sector of agriculture, children are regarded as a source of income. Their involvement in the families work on the farm (whether they be tenants or owners) starts at an early age. The more children there are the more help the family gets to help in its struggle to leave its misery. However, an improvement in the material condition of life brings about changes in attitude towards the income generating child and transforms him into the consuming child. This is especially so if legislation barring child labour and forcing education are concomitantly implemented with such improvements. When better off, a peasant is, therefore, more inclined to have less children than more. An improved condition of life in the rural areas and a mobilization of some sort, reconciling social and individual rationales in deciding on family size, can easily check population growth and the Malthusian argument.

The monetarists hold the view that state interference in pricing policy, marketing subsidies, production subsidies and other types of subsidies interfere with the free market and distort prices away from some ideal efficient pattern. By reducing prices in the agricultural sector, profit is also reduced and so is investment in this sector and the whole sequence leads to stagnation. While it is true that price distortion are causal attributes of agricultural stagnation these distortions are reduced to "policy mistakes" and "neglect".² No consideration is given to the possibilities of conscious rational policy objectives by the state for such distortions. These policy objectives are at the core of the logic of capital accumulation by particular social classes all manifested by the role of the state in the legislative and institutional processes.

Mechanization of agriculture, now more possible than ever because of modern industry, should help to raise production to levels which will circumvent and annul any agricultural crisis. So does the technological determinism school rationalizes³. In the centre this is largely true. In the periphery mechanization of food crops did not occur until the green revolution decade of the 1960. Even then it occurred in only some countries and in some crops. Colonial expansion and development insured that such

technology was confined to plantation export crops. The green revolution in the periphery, furthermore, was dependent on the centre's technological advances. The industrial base in the periphery was simply inadequately prepared to sustain mechanization of agriculture without some major transfer of technology from the centre. This transfer, however, encouraged the dependency of the periphery on the centre and it failed to develop the backward linkage effects on the capital-goods-producing sector in the periphery the way it did in the centre. While mechanization of agriculture will almost certainly improve production, such improvements will remain limited if other factors are not dealt with successfully along with the new technologies. Such factors are, among others, social relations of production, state control, land tenure, terms of trade for agriculture which are (i.e. these factors), in the first place, determining factors of these new technologies.

The structuralists maintain that the land tenure system is the main culprit in the stagnation of agriculture. Although this school is more abundant in Latin America universalizing its thought has meant explaining the latifundia-minifundia dualism in the context of other types of structures in the world. Nevertheless, some common features have been maintained as the basis for this universalization. The latifundias produce cash crops for exports

and the minifundia supply them with necessary labour. Reforms of land tenure of the agrarian type are espoused by the industrialists with no thought given to either reforms in other sectors of the economy or changes in the relation of production, The quantitative nature of the agrarian reforms neglects the qualitative changes that may accompany them. The transformation of landlords into capitalist entrepreneurs and the landed peasants into proletarian rural workers, despite major redistribution of land, does not mean that social relations have been changed or will do so.

Finally a school of thought ascribes to a theory which says that overconsumption in the centre should be reduced and excess food diverted to the periphery as food aid. This school plays into the hands of the food-as-a-weapon mentality, now dominant in the centre's policy circles. Public Law 480, more commonly known as PL 480 was authorized by the Agricultural Trade Development and Assistance Act of 1954 in the US. It consists of a set of tariff barriers and subsidies to prevent foreign markets from affecting US markets. The government buys the farm products of the US at a higher than market prices and sells them at artificially low prices in the form of aid packages to countries of the periphery. Such food aid and shipments follow the route of political expedience and strengthen the dependency of the

periphery on the centre. As for the peripherie's response it remains very weak because its backward agriculture simply cannot compete with such artificially low prices, especially in the subsistence sector. Hardly any qualifications are needed to criticize this school of thought.

Taking any one of these schools as our paradigm and applying them to the facts that we have discussed in our study, we could easily see that

a) poverty has encouraged the Egyptian peasant to increase his family size, his children continue to be viewed as a source of income;

b) The price distortions by the state policies and missed valued international markets have indeed contributed to the stagnation of agriculture.⁴ The reasons for these distortions continue to be monopoly control of the multinationals of these markets and the coalescence of the Egyptian government with schemes of these multinationals. The "policy mistakes" and "neglects" reasoning is simply not acceptable as an answer;

c) Land tenure reforms of the agrarian type consisting of land distribution, setting up of cooperatives, pricing policies, etc... was not conducive to developments in agriculture or to changes in social relations;

d) The mechanization effort, despite advancement in national industry allowing for partial support of this mechanization, did not lead to much improvement either. Since the mechanization could be afforded by rich peasants who were involved in cash crops production, only these crops did improve but only to the extent that the straight technological transfer allowed. The transfer did not include any major adjustments to accommodate the particularities of Egyptian conditions (i.e nature of soil, terrain and climate); and finally

e) Egypt did indeed become dependent on food aid and imports. The very low prices of subsistence crops that are offered by the Americans undermined local wheat and Maize production. It is of course interesting to note the political connection in that regard. The Americans have "rewarded" Egypt for its political role, both vis-à-vis Israel and vis a vis the Arabs, by giving extra credit. The credit worthiness of Egypt has led it to the dependence it

now suffers from not only in terms of food supplies but also financially in terms of debt.

The disarticulated accumulation in the agricultural sector of Egypt as an example of a periphery has brought the country from its "bread basket" and granary" heyday to a substantial dependence on the US as an example of the centre. Contradictions within Egyptian agrarian society reached a non resolvable stage and ended up in a crisis before each transformation along the line took place. When slavery under the Pharaohs could no longer be accepted and when major slave revolts were taking place under Byzantine Egypt, the ruling classes circumvented the crisis by abolishing slavery but maintained state ownership of the lands and slaves became tenant farmers. When the conditions of such tenancy developed to their despotic and cruel levels of the eighteenth century, the peasants and tenant framers revolted again to force the social contradictions to a crisis from which they hoped to come out winners. Indeed The URABI revolt of 1882 was not on a purely nationalist basis. Cancelling peasant debt and punishing the usurers was a goal of the revolt with which peasants identified and for which lent their support to the revolt. Once again the ruling class (this time with the support of its allies in the centre, first the French and then the English) were able to exacerbate the crisis by forced

intervention which caused the creation of the most important of these social transformations. Private property was established for the first time in Egypt's history and agricultural wage labour was institutionalized. The era of capitalism had begun in Egypt by forceful intervention of two European powers. These interventions were nothing but the biased balancing act of the internal forces. The colonizing powers, short their stay as it may have been, had come to the aid of one class over another and to ensure the subservience of Egypt's economy to their interests. This is no where better expressed than by Allenby when he said. "The English can now evacuate Egypt with an easy mind: in effect they have created a class of large landowners on whom Great Britain can rely to assure her policy in Egypt."⁵ The capitalist structures left by the British were bound to create their own contradictions. The social relations were still very exploitative, accumulation was still unequal (with now an added dimension of unequal development of the whole country vis-à-vis the centre) and the urban bourgeoisie became more and more powerful. This latter group had its origins in the rural large landowning class of which Allenby spoke and thus contributed to the introduction of the absentee landlord phenomenon. By the end of the second world war the contradiction reached again a crisis situation. Again peasant revolts took place and again they were crushed. "...between 1949 and 1951 peasant risings on the large

estates multiplied, especially at Kufur Negem and Bahut. The peasants attacked the private guards and even the police barracks with modern weaponry, setting fire to offices and demanding the land they worked."⁶ This time as in the previous crisis and basically for the same reasons (lack of development of organized political organization to lead the peasants, and this time around, the workers into a revolution that would transform society once and for all) the "fetus was killed in the womb". After the 1952 coup by the free officers, several workers organizations took the lead of the free officers and called for the factories to be taken over by the workers and the fields by the peasants. On one such rally in Kafur-el-Dawwar, only three weeks after the coup, two very popular union leaders Mustafa Khamis and Hassan el-Bakry were hanged by the authorities for inciting strikes and revolts.

"From the outset the army's action smashed by terror the first attempt at popular revolution that emanated from a popular leadership and was capable, despite the confusion of its objectives and the workers of its basic staff, of turning into a peasant insurrection of stature."⁷

This last crisis which brought about the 1952 coup transformed social relations but only on the surface. The landowners class was substituted by another medium sized land holding class. The cooperatives that were set up were for

"cooperation in credit and commercialization of agricultural products. There exists[ed] no form, no intention, no institution, no policy for a co-operation in the ownership of land". Only 12% of the land was distributed to no more than 15% of the rural population. Indeed "The agrarian reform was a political gesture of sympathy; it was deeply appreciated, but it must be admitted that its practical effect was negligible."⁶

The land had been redistributed, some mechanization did take place, land had been reclaimed, cooperatives were set up, a rural bureaucracy founded but no changes in the relations of production had taken place. Capitalist production had been institutionalized and had added the state monopoly dimension. The ex-large landowners turned one eye to the city and another to the country. With the coming of Sadat they were given back a large number of their estates and, having now developed their trade and industry connection, they entrenched their production power even more. Able to export and import (and to avoid tariffs via corrupt officials) and to mechanize their farms (via state subsidies programs) their agricultural activities took a more aggressive production strategy producing more luxury crops fruits and vegetables) which they could process and export. Little if any private investment anticipated under the open door policy of Sadat did go into food production. The PL 480 and political

expediency on the one hand, and subservience on the other did indeed play their role in tying Egypt's food requirements to American political interests. Food as aid and imported cheaply could not be competed against in Egypt. More and more of the staple farms turned into fruit and vegetable (sometimes cotton) production. The 1970's saw the stagnation of Egypt's agriculture reach new depths. Private capital had no incentive to invest in agriculture and public capital overemphasized services and industry. The situation passed unnoticed basically because of the added rentier dimension. Upwards of four fifths of Egypt's foreign exchange was now coming from workers remittances, oil receipts and the Suez Canal. The great boom of the gulf which attracted hundreds of thousands of Egyptian workers provided Egypt foreign exchange which was instrumental in balancing their payments. The discovery of oil in Egypt and the boom in oil prices were also significant in the generation of such foreign exchange. Today however, the gulf boom is over and Egyptian workers are returning in droves. The oil prices are lower than ever and both remittances and oil receipts have fallen sharply. The bail out so far has been a combination of weapons sales to Iraq (as well as some remittances from Egyptian workers replacing Iraqi's, now occupied at the front) and increased American credit. The war is over and the Americans are becoming weary of

the debt they have so far issued. The day of reckoning for Egypt's agriculture is indeed dawning.

Notes to the conclusion

1. Barry Commoner, How Poverty Breeds Overpopulation (and not the other way around), (New York: Ramparts, 1975).

2. T. W. Shultz, Economic Growth and Agriculture, (New York: McGraw-hill, 1968).

3. R. Wortman and S. Cummings, To Feed this World, (Baltimore: The John Hopkins University Press, 1968).

4. The international markets are undervalued for cash crops exported by Egypt and overvalued for foods and industrial goods imported by Egypt.

5. Anwar Abdel-Malek, Egypt: Military Society, (NY: Random House, 1968), 68.

6. Ibid., 69.

7. Ibid., 79.

8. Ibid., 73.

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