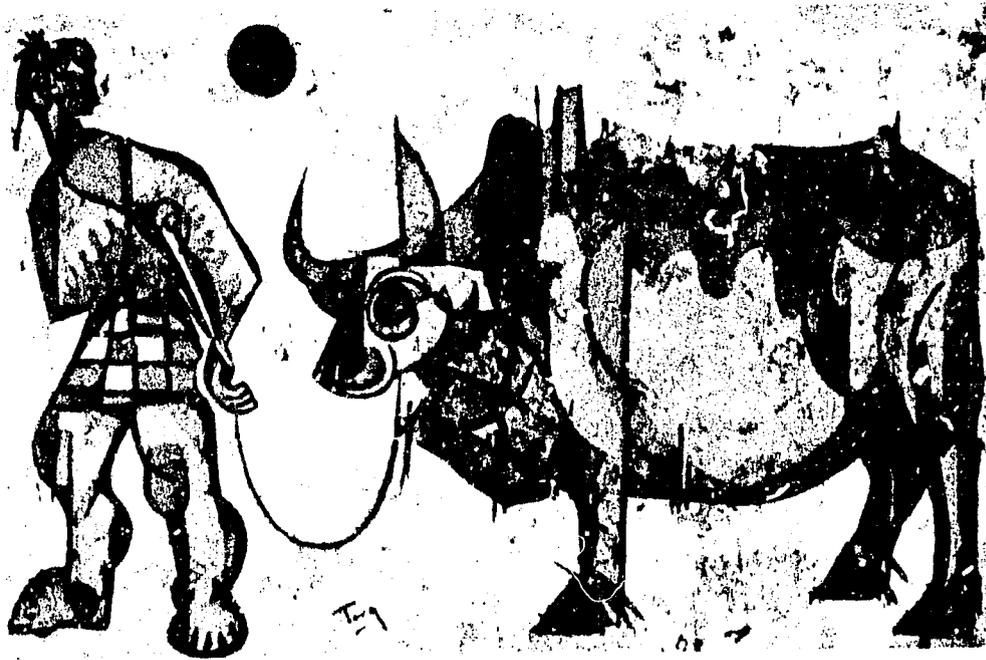


PN-1AAN-258
ISN-129983

CORNELL UNIVERSITY

RURAL DEVELOPMENT COMMITTEE



Special Series on Landlessness and Near-Landlessness

DISTRIBUTION OF LAND, EMPLOYMENT AND INCOME IN RURAL EGYPT

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**DISTRIBUTION OF LAND, EMPLOYMENT AND INCOME
IN RURAL EGYPT**

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TABLE OF CONTENTS

I.	INTRODUCTION.	1
	Agrarian Reform and Rural Development Strategy, 1952 - 1967	2
	Changes after 1967.	7
	National-Local Relations.	13
	The Literature on Poverty	20
II.	THE RURAL POPULATION AND ACCESS TO LAND	29
	Land Distribution	30
	The Situation in 1961	
	The Situation in 1975	
	Regional Distribution	44
	Tenancy	45
	Adequacy of Land Resources.	48
III.	THE RURAL LABOR FORCE: NUMBERS AND ACTIVITIES.	53
	Urban-Rural Divisions	55
	The Rural Labor Force	58
	Distribution According to Economic Sector	
	The Number of Agricultural Workers	
	Types of Agricultural Workers	
	Labor Growth and Underemployment.	73
	Fragmentation of Land and Labor Demand.	80
	Conclusion.	85
IV.	STRATIFICATION BY INCOME.	87
	The Poor in Rural Egypt	88
	Differences in Rural Income	102
	Profile of the Rural Poor	103
	Rural Poverty and Household Age Structure	105
	Rural Poverty and the Dependency Rate	106
	Income Groups and Occupation.	109
V.	CONCLUSIONS	119
	Achievements and Limitations of Agrarian and Institutional Reform	119
	Areas for Improvement	126
	Land Resources	
	Human Resources	
	Agricultural Policy	
	Local Government and Politics	
APPENDIX		
(A)	A Note on the Adjustments to be Made for Family Size, and the Compatibility of Different Tables in the <u>Household Budget</u> <u>Survey Results</u>	139
(B)	Possibilities and Limitations of the Local Development Fund	155

TABLE OF TABLES

1.	Distribution of Holdings by Size and Areas in Selected Middle Income Countries.	23
2.	The Patterns of Landholding, 1961	34
3.	Land Distribution by Size of Farm in 1961	36
4.	Land Distribution by Size of Farm in 1975	39
5.	The Land Basis of Support According to the Actual Distribution in 1976.	50
6.	Presumed Changes Over Time in the Distribution of Agricultural and Non-Agricultural Labor.	55
7.	Non-Agricultural Labor Force in Rural Areas According to Economic Sector.	60
8.	Distribution of Working Non-Agriculturalists According to Occupation, 1975	62
9.	1975 Distribution of the Rural Labor Force (Ages 12-64).	65
10.	The Agricultural Labor Force by Status of Workers, 1961	66
11.	Average Annual Working Hours According to Sex-Age Groups, Types of Households, and Types of Work.	68
12.	Wage Laborers According to Age and Sex, 1961.	72
13.	Density of the Labor Force by Size of Farm, 1961.	76
14.	The Distribution Ratio of Workers on Each Size Farm, 1961	76
15.	Distribution of the Agricultural Labor Force by Type of Worker and Farm Size, 1961	78
16.	Poor Rural Individuals on the Basis of Household Budget Data	92
17.	Poor Rural Households on the Basis of Household Budget Data	92
18.	Comparison of Estimates of the Number of Rural Poor Households and Rural Poor Individuals	93
19.	Household Income by Interval and Region, 1975	94

20. Distribution of Rural Households According to Per Capita Annual Consumption Expenditures 95

21. Regular Pensions to Needy Families in Egypt, 1975. 97

22. Occasional Subsidies to Needy Families in Egypt, 1975. 100

23. Household Size by Per Capita Household Expenditures 104

24. Incidence of Rural Poverty by Household Size 105

25. Rural Poverty and Household Age Structure. 106

26. Household Age Structure by Per Capita Household Expenditure Category 107

27. Dependency Rate (Ratio Earners to Individuals) and Per Capita Household Expenditures. 108

28. Stratification of Welfare by Source of Income. 110

29. Average Annual Wages, Agriculture and All-Sector Averages, Egypt 1969/70 to 1974 117

Foreword

This study of Social Stratification and Poverty in Rural Egypt was supported by the Rural Development Committee of the Center for International Studies at Cornell University jointly with the International Islamic Center for Population Studies and Research of al Azhar University. It was undertaken under a Cooperative Agreement between Cornell University and the Office of Rural Development and Administration of USAID;¹ and another agreement between Cornell University and al Azhar University in Cairo.

Several individuals from Cornell, al Azhar and other Egyptian academic institutions participated in the research work. I would like to mention in particular Dr. Abdel al Basit Hasan, Professor of Sociology and Dean of the Women's College of al Azhar University; Dr. Abd al Basit Abd al Mu'ty of Ayn Shams University; Susan Randolph, doctoral candidate at Cornell University; and Amani Selim, graduate of Cairo University. Susan Randolph has, in addition, joined the principal author in the analysis and writing of Chapter IV. Mrs. Sawsan el Messiri, Jill Crystal and Yasmin Kamal Fahmy served on the research team in Cairo. Mr. Ahmad al Diffrawi, Director-General of the Organization for Reconstruction and Development of Egyptian Villages (ORDEV), and Dr. Imam Selim were most generous in extending their help to our team. We are also grateful for the interest and advice of Dr. Samir Radwan, of the International Labor Office, Dr. Norman Nicholson and John Blackton of USAID. This work would not have been possible without the strong interest and organizational abilities of Professor Milton Esman, Director of the Center for International Studies and Professor Norman Uphoff,

¹Funding for this collaborative research effort was provided by USAID/Egypt under a Cooperative Agreement between Cornell University and the Office of Rural Development Administration, AID. Cooperative Agreement No. AID/ta/CA/1/, under basic memorandum of Agreement AID/ta/BMA/8.

Chairman of the Rural Development Committee, Cornell University. The latter helped in setting up the study in Egypt. Porus Olpadwala and Debbie Van Galder of the Center for International Studies have diligently and selflessly helped in this project in all its phases.

I am indebted to many other people who have read the manuscript and made valuable comments toward improving its quality. I would like to specifically mention Milton Esman, Norman Uphoff, Harry Blair of CIS and Alice Morton of USAID.

None of the individuals or institutions above mentioned are, however, responsible for the contents of this manuscript. The authors bear full responsibility.

Chapter I

INTRODUCTION

Poverty persists in rural Egypt despite the great transformation which occurred in the fifties and sixties. In a way, the crux of the matter is quite simple and was expressed by Egyptian peasants to this writer some twelve years ago: our cultivation area is not expanding and our numbers are increasing, where will our children go? Family planning programs have not had much of an impact so far and the population continues to grow at a rapid pace. We analyze here the sources, extent and distribution of poverty to clarify what are the possibilities for the more than a million persons joining the Egyptian population each year. That the prospects are not altogether dim is suggested by the fact that there are signs of better economic conditions in the countryside now than a few years past. Yet the statistical situation and prognosis is dismaying. Reconciling the several aspects of rural reality in Egypt is a complicated undertaking, but it should be attempted, with a view to what practical steps can be taken to alleviate the poverty of Egypt's rural population.

Industrialization, migration, improving productivity, land reclamation and other possible solutions are commonly recommended as the answer. Egypt, however, is a country where most of these propositions have been tried. It

is, to start with, a country with an ancient tradition and knowledge of cultivation, and the productivity of the land is quite high. Agrarian reform was comprehensive and effective to a degree that it changed substantially the resource shares of rural people. Major institutional changes were made to introduce relative equality in land holdings, fix land rents, give tenants security in their holdings, provide agricultural inputs to peasants cooperatively, and extend social welfare services on a large scale. Moreover, cooperatives, water control and land consolidation contributed to preventing a decline in agricultural productivity subsequent to land distribution measures. Any analysis of rural welfare and productivity thus does well to begin with a consideration of land, its use, distribution and productivity in Egypt as land more than any other factor shapes the economic, social and political realities there.

Agrarian Reform and Rural Development Strategy, 1952 - 1967

The profile of Egypt around 1950 was quite typical of Third World countries: two thirds or more of the population lived on and made a living off the land, more than half of the national labor force was rural, agriculture contributed one third the GNP, while industry contributed less than 15 percent. Land distribution was extremely unequal where less than one percent of landowners possessed more than one third of the cultivated land. Credit systems and extension services were inadequate if available at all. Finally, population pressure on the land was relentless.

In effect, the revolutionary government installed in 1952 was faced with a situation where agricultural surplus was extracted by wealthy landlords essentially for their benefit, manpower productivity was very low,

and industry was growing at a very slow pace. Obviously, the new national leaders felt that a more developmental policy was necessary to break away from the vicious circle of poverty and underdevelopment. Their strategy, to state it briefly, consisted of the following prescription: (1) Industrialization was the major avenue to achieve modernization to increase productivity and fulfill the great expectations for national development and provision of food. As the main earner of foreign currency and the major single contributor to the economy, agriculture continued to receive the regime's serious attention. (3) Opposition forces to such national targets were to be contained and their power undermined in order to prevent resistance.¹ One of these forces was large landlords whose influence in the government was traditionally great. (4) Small cultivators should be supported and made the mainstay of rural policy without jeopardizing productivity. This was conceived as a measure of social justice and political wisdom. The resultant agrarian reform policy was ideologically compatible with the new regime's outlook, fair from a social justice point of view and politically wise.

It was in this national and economic context that agrarian reform was born in Egypt and it was therefore shaped by these considerations. Consequently, its main characteristics were the following:

A. Maintaining private ownership of land, but organizing agricultural production and marketing through semi-state controlled cooperatives. While

¹For the political and sociological aspects of agrarian reform, see Iliya Harik, The Political Mobilization of Peasants, A Study of an Egyptian Community, Bloomington: Indiana University Press, 1974.

cooperative marketing in the sixties became compulsory for the main export crops, cultivation remained a mixed enterprise where the main responsibility fell on the cultivator himself aided by cooperative services and constrained by the consolidation and rotation plan. These measures were obviously aimed at establishing state control of the agricultural sector, while meeting peasant demand for private ownership and improved income.

B. Land distribution: a fixed ceiling on land was imposed and lands in excess were distributed by the government in small plots to landless and near landless cultivators. This measure followed a golden rule policy by its emphasis on a middle course: abolish very large estates but leave room for reasonably wealthy farmers, support tenants and sharecroppers by giving them ownership title to the land they cultivated in small plots. (Eventually the ceiling was brought down to fifty feddans¹ and small plots distributed were around three feddans each.) Legislation was passed to give the remaining tenant cultivators security in their contracts. These measures in effect pushed out of the system a very small minority of about 5000 wealthy owners by appropriation, and left out a sizable group of landless laborers who were unable to get land of their own because the amount distributed was limited.

C. Productivity was maintained and then increased by means of three major measures: (1) providing the capitalless cultivator with credit, fertilizers, seeds, etc. at little or no interest and collecting debts owed to the state at harvest time; (2) offsetting the effects of land fragmentation by devising a land consolidation plan with rotated cultivation of crops, and (3) providing some mechanization through cooperatives and private entrepreneurs. These three measures have made it possible for Egyptian agriculture

¹ A feddan is equal to 1.04 acres and 0.42 hectares. For practical purposes, acres and feddans are equivalent.

to have in effect the best of two worlds: the incentives of private ownership of small and medium size holdings and large scale methods of cultivation in basic respects. Land consolidation, crop rotation, partial mechanization and collective pest control measures are now the norm for most cultivation, while individual labor for planting, maintenance and harvesting is retained from the old system of household cultivation.

D. The state came to control the agricultural sector, which traditionally was in private hands, by means of cooperatives, the rotational system, and collective marketing. Undoubtedly, the most stringent state control mechanism has been the establishment of a completely controlled market for the traditional export and domestically vital crops of cotton, rice and sugar cane, while making also requisitions of portions of farmers' output of wheat, rice and onions. Purchases of seeds, fertilizers and pesticides were almost completely controlled by the state through the cooperatives.

E. A valiant but error-ridden policy of extending the cultivation area through land reclamation was made and added new lands amounting to less than 12 percent of the existing cultivation area. Not more than half the reclaimed area attained the national average level productivity. Part of these lands were distributed to landless peasants and part were run as state farms.

F. Also to be considered as part of the agrarian reform program was the political mobilization of peasants, which though aimed at supporting the national government, was just as significant in curbing the local powers of landlords and preventing encroachments on peasant gains. Political participation, mainly on local and provincial levels, was encouraged and led to recruitment of peasant leaders for political office. A system of local government was developed in which elected officers and official staff share

in decision making on local affairs and bear the responsibility for implementation of national policies.

G. Finally, any consideration of the rural development strategy in Egypt should take into consideration the extensive services provided for rural communities. These include: expanding the official and technical staff in the countryside, introducing schools, health centers, potable water systems, crafts and cottage industry, minimum wage standards and rural works projects for agricultural laborers. None of these services can be considered to have reached a level of sufficiency during the Nasser regime nor has it yet. By 1974, no more than two thirds of school age children were attending primary schools, due to lack of room and inability to enforce the compulsory education law. By 1976, about 25 percent of all houses in Egypt still had no source of purified water, the largest majority of which were in the countryside. Similarly, electricity has not yet reached all households. Population per hospital bed and physician is still very high. Nevertheless, the drive to meet these essential needs was started on an extensive scale in the fifties and continues.

The overall view of agrarian reform policies in Egypt seems to conform to what contemporary and classical planners recommend for the rural sector. Its targets have been: increased production (growth orientation), focus on cash crops (acquisition of hard currency), private ownership and profits (incentives), land reform (institutional changes), public supply of agricultural inputs (aid to a depressed sector) plus social and human services (basic needs).

In addition, the agrarian reform policies in Egypt have also met or tried to meet what more recently has been considered a more relevant and

effective development strategy.¹ Agrarian reform in Egypt sought to achieve these goals with considerable effectiveness by land distribution, regulating tenancy, land reclamation, creating work opportunities (in projects such as land reclamation, Aswan dam construction, drainage works, etc.), and organizing small peasants and the landless to assume local power in place of large landlords. One has therefore every reason to expect the Egyptian experiment to be as close as possible to a sound strategy for rural development. Indeed, the achievements are undeniable and up to the middle sixties, agricultural yields continued to be high, services worked reasonably well, living conditions improved, and peasants became politically active and occupied leading positions in local politics and administration. This is not to say that all these enterprises were functioning perfectly; they were not. But on the whole they were a going concern and performing in an encouraging way, considering the legacy of the past and the meager experience of rural people in modernization of administration.

Changes After 1967

By the late sixties and early seventies, however, the situation in the countryside became a subject for concern. During that short period, one could observe that agrarian institutions were in disarray and performance was slipping. Growth in the productivity of some traditional crops was in decline,² cooperatives were no longer functioning properly, extension services were practically inoperative, poverty levels continued unabated,

¹ See Milton J. Esman, Landlessness and Near-Landlessness in Developing Countries, Ithaca; Cornell University, Rural Development Committee, 1978.

² State controlled crops such as rice, cotton and sugar cane declined in productivity, while fruits showed a marked increase in productivity, and to a lesser extent wheat and maize. See John Waterbury, "Egyptian Agriculture Adrift," American Universities Field Staff, Report No. 47, 1978, p. 13.

state policies faltering and participation in limbo. Population pressure on the land continued its relentless course under the immobile reign of the administration.

Where was the problem? Land reform has been made the subject of much criticism lately for reasons that are not always clear. Perhaps expectations were unrealistic and perhaps judgment was sometimes formed on the basis of impressions. In a recent article on land reform in Iran, for instance, the author concludes that agrarian reform recreated owner absenteeism because 5 of 1200 people of a reform village rented their land to others and went to live in the city.¹ Such a result hardly establishes the program as a failure. In Egypt some of the criticisms made reflect the biases of those who express them, while some are to be sure, serious and judicious. A brief assessment of those criticisms is in order here not only to clarify the record but also to gain more awareness of the obstacles to development strategies which face less developed countries.

One explanation of the difficulties in agriculture has focused on the continued existence of large estates. This, it is argued has led to continued exploitation and to class struggle, not to mention the detrimental effects of inequality. As noted above, the last measure restricting land ownership placed the maximum holding per person at 50 feddans of land. This constitutes a farm of considerable size which produces a very respectable income, considering intensive farming in Egypt. In contrast, there are millions of rural people in Egypt who are still landless or near-landless. It is sometimes also objected that the 1969 law was not followed by

¹ Daniel Craig, "The Impact of Land Reform on an Iranian Village," The Middle East Journal, Vol. 32, No. 2, (Spring, 1978), p. 146.

release of information showing the number of persons expropriated and the area distributed. To this day, the government has not given out any figures on land ownership for periods later than 1965, and the land distribution data presented in this study for 1975 have not yet been officially published. The policy of withholding information has aroused suspicions that the 1969 ceiling on land ownership was not respected.

Findings in this study clearly show that the ceiling on land ownership had been effectively lowered by 1975 and that the main beneficiaries have been the landless and near-landless.¹ Industrial growth, not agrarian reform was expected in the regime's strategy to absorb the surplus population. The fact of the matter is that Egypt does not have enough land to accommodate all its rural people. Nowhere has agrarian reform by itself been intended as a solution to overpopulation nor has it in fact led to such a result. The demographic question is a serious issue, but it is also a separate problem which requires special attention and policies. If land reform did not solve the immense population problem that does not make it ipso facto a failure.

As for exploitation or diversion of benefits from land reform to the interest of large landlords, the situation is ambiguous. Certainly the charges of exploitation carry ideological overtones. The classical exploiters of the rural population were money-lenders, merchants and large landowners. Agrarian reform undertook to free peasants from all three by extending credit to tenants for life. Moreover, it distributed land taken over from large landlords and reduced merchants' power by nationalizing trade.

The fact that there were pockets of resistance to land distribution and illicit dealings during the Nasser period was underlined by the formation

¹ See below, Chapter II.

of the Committee for the Liquidation of Feudalism in 1965 and this shows that the regime was alert to evasion of the laws and was prepared to deal with it. The Committee findings, however, show that most of the illicit practices uncovered pertained to acts of violence committed by certain peasants who worked their way up by legal and illegal means, acquired land, and oppressed their fellow villagers by intimidation. The large landlord phenomenon in Egypt, as we shall see, has disappeared and not only due to direct measures of land distribution. Those who still are wealthy farmers enjoy a differential advantage not just because of their relatively sizeable holdings, but because also of greater connections, education and skill. Differential advantage, is not necessarily due to exploitation, and charges there is widespread misuse and diversion of public resources to large farmers have not been documented. If Egyptians seek perfect equality in wealth, they are a long way from that ideal and have to work much harder at it. But this does not mean therefore that the countryside is still subject to exploitation and landlordism as in years gone by.

As for class struggle, the situation in the rural areas does not show marked class consciousness nor class solidarity, and conflicts do not seem to run along such lines. One serious study which made the theme of class struggle in the countryside its focus of inquiry has turned up evidence only of widespread individual disputes between tenants and owners over debts in arrear or registration of the rent contract.¹ Most cases that were revealed showed that the owners who were at loggerheads with tenants were themselves mostly smallholders. These disputes were not shown, moreover, to generate group action, group consciousness, or to polarize owners

¹ Abd al-Basit 'Abd al-Mu'ty, Al-Sira' al-Tabaqi fi al-Qariyah al-Misriyah, Cairo, 1977.

and tenants in general. The fact that there were rural disputes does not show that "class struggle," most applicable to industrialized societies, was an important aspect of the experience of rural Egyptians. Distinctions of social status are well known, but political class consciousness and solidarity are not yet established.

The reverse argument is sometimes made regarding the effects of agrarian reform. Excessive fragmentation of landholdings, it is maintained, has reduced the farm size much below the minimum level that allows a peasant to make a livelihood from his individual holding. This is true with respect to a large number of peasants, but we shall see in this study that fragmentation of landholdings has provided a basic livelihood for hundreds of thousands of rural inhabitants for whom there was no room in rural or urban labor markets. We shall also show that acquisition of very small plots of land has a similar value in terms of raising extra income from livestock as that obtained from medium size farms and therefore the importance of acquiring a small plot of land by the near-landless should not be belittled.

Another factor advanced as contributing to the difficulties experienced in the countryside is the shortcomings of the credit system. It is observed first that the cooperatives which extended loans to farmers in cash and kind, failed to collect all the debts owed them and some 60 million pounds were in arrears over the years. A second and more important point is that by advancing loans to all farmers regardless of size of their holdings, the government was engaged in a practice of unequal subsidization. Since every farmer received loans in proportion to the size of his landholdings, larger farmers were entitled and received larger loans from the cooperative, all of which were free from interest until 1968. Statistical evidence shows

that all types of farmers regardless of farm size were in arrears on their debt to the cooperative and that the volume of the debt was in direct proportion to the size of the loan. Thus the average debt of the large farmer was much larger than the average debt of the small one, whereas there were more small farmers in debt to the cooperative than large ones, being more numerous.¹

There is no doubt that subsidizing large farmers was not necessary, and in fact burdened the cooperative system with additional duties and problems. It exposed the cooperative system to criticism of ineffectiveness and favoritism to large farmers. It should not be forgotten, however, that by introducing cooperative credit the reform government practically eliminated usury that used to be practiced by large landlords and merchants and provided the means by which a small farmer could protect himself from those who controlled capital flow in the countryside.

By bringing all farmers under the umbrella of the cooperatives, it was inevitable that larger farmers would benefit from credit and subsidized inputs, a relative advantage to them in our view more than balanced by the gains made by small farmers. The argument that large farmers benefited most individually from the credit program does not seem directly related to the overall performance of the agricultural sector, since the debt incurred did not in any visible way obstruct agricultural production. Indeed, it could be argued that the failure of cooperatives to impose sanctions on defaulters enhanced productivity, since imposing sanctions would have meant disabling farmers from cultivating their lands. That the credit system

¹ Regarding cultivators' indebtedness to cooperatives, see Samir Radwan, Agrarian Reform and Rural Poverty: Egypt, 1952-1975, Geneva: International Labour Office, 1977, pp. 66-70.

has not created equality and social justice does not explain the widespread problems experienced by the agricultural sector since the late sixties.

National-Local Relations

In assessing the problems of agrarian reform, it should not escape our attention that rural communities in the last three decades became thoroughly integrated with the national system. The linkages that developed between the countryside and the national government were extensive and tight. The command structure, however, remained at the top passing through, and sometimes originating in the provincial government. Grass-roots participation was also promoted and encouraged throughout the period, though only at local levels, which did not for all practical purposes go beyond provincial government.¹ That peasants and others voted in plebescites, presidential and National Assembly elections was a routine matter, the outcome of which was not greatly dependent on the free will of voters. As I found in research during 1966-1968, participatory institutions were discontinuous with the national system. The line separating subnational institutions was the provincial government. Thus the capacity of municipal councils, cooperative societies, or the Arab Socialist Union to reach levels higher than the provincial government level was poor indeed. At the same time, many things in these institutions depended for their operation and success on decisions made by the national government. Insulating the national government from the wishes and influence of the people prevented the latter from effectively redressing their grievances.

The implications of this lop-sided dependency on the national government are serious. Above all, the performance and success of local institutions depended on the continued attention and reliable support of the

¹ For the question of political participation in the Nasser regime, see my article "The Single Party as a Subordinate Movement: The Case of Egypt," World Politics, vol. XXVI, (Oct. 1973), No. 1.

national government. For instance, all the essential inputs for cultivation were extended to cooperatives through the National Agricultural Credit Bank (ACB). Credit, fertilizers, seeds and pesticides had thus to be supplied by the national government through the ACB to the cooperatives. Any shortages or delays in delivery, meant that the cooperatives could not perform their functions properly. Similarly, the Bank supplied clerks to the cooperatives to be in charge of accounting. Should these clerks be incompetent or unavailable, the cooperatives' accounts would be in a confused state and members' confidence in the cooperative system undermined.

Another area where the linkages to the national government were a critical issue was elections to local offices. The national government reserved the right to call for elections of cooperative boards and municipal councils, although these public bodies had a tenure period set by law. Thus, unless the national government called for elections, the same councils and board members would continue in office beyond their tenure period.

In all three areas, providing supplies to the cooperatives, elections to their boards, and elections to the municipal government, the national government faltered, particularly after the 1967 war. One may say in the case of elections, that local institutions were victims of benign neglect where a government preoccupied with more weighty national and international issues neglected to call for elections and thus allowed local leaders elected in 1960 and 1962 to remain in office long beyond their legal tenure. Resentment mounted among non-incumbent local elites, and poor performance and corruption was rewarded. Moreover, local leaders in office perceived that the government was not as serious as it could have been about these institutions, and this gave them leave to neglect their duties or to resort to irregularities for personal benefit.

Faced with mounting complaints and protests from both competing local elites and offended peasants whose interests were hurt, provincial governors often resorted to preemptory measures of dissolving cooperative boards without calling for new elections. Official staff were left along with the administration of cooperative business, without the benefit of advice and assistance from experienced local leaders. Thus peasants were deprived of participation, and cooperatives were reduced to something like government extension offices. Many cooperative boards that were not dissolved acted as if they were defunct anyway in response to mounting criticism. Many board members also shunned getting involved in conflict by shirking responsibility, that is by avoiding participation in cooperative business. This pattern of withdrawal was particularly rife among members of municipal councils which were in a similar condition as those of cooperative boards. Already by the late sixties, performance of these local institutions was declining rapidly. Such decline could be tolerated in a country where institutions perform some part of the business of the day but not where every aspect of agriculture and local administration was the responsibility of local institutions. A practical system devised to meet the circumstances and conditions of rural people was allowed to decline by benign national neglect.

Had cooperatives developed a national organization and developed a commitment from peasants to it, they could have counted on some leverage nationally. But no such thing developed, and every cooperative was practically an isolated entity that had to fend for itself. Federations at the Markaz and Province levels were organized, but had no real functions and no sense of power. Their record was practically nil. A similar federation of cooperatives was established on the national level in 1969 but was

no different from those of the provinces and ended in disrepute. In short, one can detect a structural defect in the system that separated local institutions from national leaders and left the farmers unprotected and with no influence on the national level.

Cooperative societies which were the nerve center of agrarian reform and agricultural production in Egypt were victimized by yet another tendency on the part of the national government. Seeing that the cooperative provided a suitable mechanism for its intervention in agriculture at the grass roots level, the government tended to overload the cooperative system with additional responsibilities. A system devised to administer credit and agricultural production inputs, was charged with the responsibility to develop agricultural mechanization capacity, hiring out cultivation services to members, and above all marketing of their produce. Cooperatives were to collect, store, weigh, determine the quality and deliver the produce to the government warehouses in provincial capitals. These new responsibilities were added to the cooperatives without adding new personnel to carry them out. Fearing the burdens of too much work which would keep them away from their fields, elected officers tended to neglect their duties and not show up. Officials found themselves burdened with tasks beyond their ability to carry out. Many of them, especially those under direct control, overworked while others less responsible neglected their duties. The shortage of personnel in charge of cultivators' businesses encouraged bribery and graft. Officials and other elected officers started to charge extra-legal fees for their services. Hence, the reputation of the system was no longer what its friends and supporters would have liked it to be. The loss was universal: peasants suffered delays and were not satisfied with the way their products were handled; officials performed at a lower level, and the national government did not fully receive what it expected

from the local system. No surprise then that the cooperative system was friendless at the end of the Nasser era.

Other problems affected the rural sector besides institutional defects. The major one is a classical problem of agriculture in Third World countries: the terms of trade. Under conditions of free private economy and underdevelopment, the surplus in the rural sector tends to be extracted by urban interests. But in a controlled economy such as Egypt's the surplus is extracted by the national government. Through crop and price controls, not necessarily through taxes that usually tend to be lenient, the national government extracted the surplus from agriculture by buying cheap and selling dear.¹ Moreover, by controlling the growing of export crops necessary for earning hard currency and financing industry and government expenditure, the government cut down the profit for cultivators. Peasants in Egypt were compelled to plant cotton and rice according to the rotational system, even though these crops cost more to cultivate and earn less. Some also argue that control and supply of inputs by the government at government-determined rates has been another way of exploiting cultivators,² although this is a debatable point since some inputs were subsidized, and credit was provided without interest.

Caution, however, should be exercised in discussing the terms of trade, for raising questions regarding the extraction of the surplus in agriculture

¹ Two unpublished papers deal with this question in detail: John Waterbury, "Administered Pricing and State Intervention in Egyptian Agriculture," Conference on Politics of Food held in Rome by the American Universities Field Staff, June 1978; and Karima Karim, "Tawzi' al Dakhil Bayn al Hadar Wa al Rif, 1952-1975," Third Annual Conference of Egyptian Economists, Cairo, 1978. Also see Waterbury, "Egyptian Agriculture Adrift;" op. cit.

² See Robert Mabro, The Egyptian Economy, 1952-1972, Oxford: Clarendon Press, 1974, pp. 76-79; also Waterbury, op. cit.

may conjure up images of nineteenth and early twentieth century urban landlords. This is certainly not the case. In two decades, agrarian reform contributed to the Egyptian countryside what the countryside had not received in two centuries. For despite the fact that expenditure on agriculture has been only 5 percent of all public expenditure,¹ the inflow of goods and services to rural communities from the national government has been outstanding. Brought into the countryside since 1952 are roads, potable water, electricity, health centers, schools, craft training centers, cooperative societies, municipal councils, credit for agriculture, land reclamation, a large number of technical and administrative personnel such as agronomists, doctors, nurses, accountants, teachers, etc.

On balance, the transfer of surplus from agriculture during the sixties is estimated at about 6 percent of the total agricultural income, although there are differences among authorities on this point.² This figure includes price differentials, taxation, and investments allocated to agriculture. It does not, however, include an estimate of losses suffered by cultivators from crop control.

Aggregate figures often conceal as much as they reveal and the loss to farmers from selling to the government may be better appreciated when it is realized that the government profit from cotton during the sixties ranged from 30 percent in 1969/70 to 181 percent in 1966/67 of the total farmer income from cotton. The government share of the income generated from rice averaged in the three years of 1968-70 about 74 percent of the

¹ USAID, Near East Bureau, "Egypt: Recent Socio-Economic Data," October, 1977, p. 17.

² Mahmoud Abdel-Fadil, Development, Income Distribution and Social Change in Rural Egypt (1952-1970), Cambridge: Cambridge University Press, 1975, pp. 82-108, 120; and Samir Radwan, Agrarian Reform and Rural Poverty: Egypt, 1952-1975, Geneva: International Labour Office, 1977, p. 76.

total value of the crop, while the rest went to cultivators.¹ Moreover, it should be remembered that these crops cost the farmer more to cultivate and brought lower prices.

In short, the slackening pace of rural progress has diverse causes, some due to national policies, some due to administrative weaknesses of the public sector, and some due to natural causes. On the whole, the record up to 1974 points up the problems of implementing socialism in developing countries where administrative talent is limited, scarce and inefficient.

The national government has turned its attention once again to the rural sector. In its efforts to revitalize rural society and agriculture, it has developed a new strategy to cope with the institutional problems linked to the national system. In this plan, local government has been made the focus of institutional reform, which will be briefly discussed in the concluding chapter of this study.

Much has been written about land reform in developing countries, but not enough has appeared so far on assessing its successes and failures. It thus seems quite opportune to look at the Egyptian case to see how one of the more comprehensive agrarian reform programs fared over the years. We shall concentrate mainly on assessment of results of agrarian reform rather than on the process itself. Thus, we shall look at the extent to which agrarian reform has contributed to equality in incomes and how it has affected work conditions, employment and development of resources in rural areas.² In the concluding chapter, we shall briefly relate these local development strategies introduced by the present regime.

¹ Karim, op. cit.

² This study has focused on economic aspects of agrarian reform; for sociological and political effects of agrarian reform in Egypt, see my book The Political Mobilization of Peasants, op. cit.

Since the scope of this study could not include conducting field work to generate new data on the questions raised above, we shall rely mainly on available data: official statistics, surveys conducted by various groups, and published and unpublished studies. Most of the data we have been able to collect go up to 1976, and whatever is of a more recent origin was obtained informally on recent research visits to rural Egypt.

We have tried in the next chapter of this study to provide a summary of two major works published recently on the subject of income distribution and poverty in contemporary Egypt. This analysis was not intended to be a general examination of the literature, which was not within the scope of this inquiry, but an introduction of major contributions on the subject thus far.

The Literature on Poverty

Two books have recently focused on the question of income distribution in rural Egypt with special attention devoted to the lower income groups. These are respectively the studies by Mahmoud Abdel-Fadil, Development, Income Distribution and Social Change in Rural Egypt (1952-1970) and the ILO study by Samir Radwan, Agrarian Reform and Rural Poverty: Egypt 1952-1975. Both writers are economists of Egyptian background and have intimate understanding of Egyptian peasant life. Abdel-Fadil views rural Egypt as a society differentiated by socioeconomic classes and he tries to define a class position in terms of relations to the means of production. Such a relationship, according to him, could be determined by means of three criteria: extent and kind of employment, farm mechanization, and crop-mixes. Both Abdel-Fadil and Radwan view land ownership as the major source of income and class differentiation. Abdel-Fadil takes note of the importance of ownership in conjunction with use of machinery, since this is a major economic asset in the countryside. Similarly interesting is his

effort to differentiate or qualify land ownership by types of crops. For it is obvious that fruit trees and vegetable cultivation draw much higher income than traditional crops.

Abdel-Fadil relies in his analysis primarily on 1961 data, and does not give a detailed account of farm labor nor of mechanization, as one would expect. Suffice it to say that he found a steady growth in the use of machinery among medium and rich farmers, i.e., those who own more than five feddans. The figure he gives shows a jump from 5 percent in 1950 to 19 percent in 1961. As for land distribution, both Abdel-Fadil and Radwan give a relatively more detailed account. Abdel-Fadil's data stop in 1961 and Radwan brings it up to 1965. Needless to say, both have confirmed the fact that there has been a redistributive trend in land ownership since 1952 which swelled the numbers of small peasants holding up to 5 feddans and eliminated the large owners who held more than 100. They both also maintain that land reform has given rise to what they call a new group of bourgeois land owners who are considered the main beneficiaries of agrarian reform.

Both writers underline the failure of agrarian reform to improve significantly the lot of agricultural laborers, especially the migrants among them (tarahil). Agrarian reform provided land to small tenants and a small number of agricultural laborers but left a large proportion of the rural population landless. Abdel-Fadil gives an informative account of landless peasants, whom he identifies as those "unable to rent land and (who) can only sell their labour power for subsistence" (p. 42). He notes that Egypt witnessed a drop in the absolute number of landless families between 1952 and the mid-60s, after which time their numbers started to rise again. He then identifies three categories of landless laborers: the permanent, the casual, and tarahil usury of the contractor and low

paying employers. Contractors extract up to 12 percent of the laborer's daily wage, and often demand extra unpaid labor. He also points out that a social power structure binds the tarahil worker to the contractor. Laborers are often bound to contractors by kinship and community ties as well as by debt, since contractors advance money to laborers during the slack employment season. He identifies labor contractors as influential community persons who are shopkeepers, produce merchants, money lenders or landlords. A migrant worker lives most of his life in bondage to them.

Radwan covers similar ground on the subject of land distribution, keeping his focus on the impact of land distribution on the peasants and on the range of inequality that still remains. His findings confirm the preceding account on land distribution, and show that the Gini coefficient which reflects the degree of concentration of land ownership has dropped from 0.61 before the 1952 reform to 0.49 in 1961 and 0.38 in 1965. Though Radwan does not feel that such progress "fundamentally" changes the land distribution pyramid, we must stress that it does point to considerable equality in land distribution, both when viewed by itself and in comparison with most developing countries. Comparative data from the World Bank Report confirm the incidence of a greater degree of equality in land distribution in Egypt in comparison to other countries (Table 1).

Radwan throws serious doubt on the reliability of Abdel-Fadil's data regarding income and on the latter's estimate of it. He also finds Abdel-Fadil's estimate of the landless to be low, but agrees with him that land distribution did contribute to raising the incomes of beneficiaries of land reform. However, he tends to dismiss such improvements as more apparent than real. He concludes that by the late fifties money income per fedden increased 50 percent above the pre-reform period, 30 percent of which can be accounted for by the rise in land yields and about 20 percent by improve-

Table 1

Distribution of Holdings by Size and Area in Selected Middle Income Countries

Country	Size of Holding					
	0-5 Hectares		5-50 Hectares		Over 50 Hectares	
	Percentage of Holdings	Percentage of Area	Percentage of Holdings	Percentage of Area	Percentage of Holdings	Percentage of Area
Korea, Republic of	100	100	--	--	--	--
Egypt ^a	97	67	3	27	--	6
Turkey	79	27	20	59	1	14
Brazil	28	1	52	13	20	86
Venezuela	36	1	43	7	21	92
Chile	38	1	30	5	32	94

Note: The data in this table are drawn from different official national sources. They are not strictly comparable and should be construed only as orders of magnitude.

^aThe categories used for this country are 0-4 hectares, 4-40 hectares, and over 40 hectares.

Source: IBRD, World Development Report, 1978.

ment in the prices of agricultural crops. In terms of real prices, the net income per feddan rose by 44 percent, according to Radwan.

He goes on to maintain, however, that even this gain "must have been totally wiped out during subsequent years" (1964-1974) due to the sharp rise in the cost of living for rural areas, estimated at 80 percent. He also feels that cooperative expenses became exorbitant in later years to the extent that most peasants became indebted to the cooperative. It should be noted, however, that cooperative debts are incurred by the rich and the poor alike and are not related to cooperative expenses or poverty.¹ While Radwan's sources are reliable, some of his views on cooperatives are based on literature which tends to be polemical. Radwan does note the improved income of tenants as a result of agrarian reform measures which reduced rents and prohibited owners from annulment of contracts. Radwan cautions, though, that recent legislation in the Peoples Assembly has again injected an element of insecurity into the status of tenants.

As for agricultural laborers, he notes government legislation giving them the right to unionize and the establishment of a minimum wage. He correctly notes, though, that excess in labor supply prevented observance of the minimum wage law by all concerned. His conclusion points to the abject poverty in which landless laborers live and to their income, which "has more or less remained unchanged over the last 25 years." Radwan calculates the consumption share of the bottom 40 percent and top 10 percent of the population to be 17 percent and 31 percent respectively in 1974-75.

¹ See above. For details on this question, see Harik, "Continuity and Change in Local Development Policies in Egypt," paper delivered at Conference on Strategies of Local Development in the Middle East, University of Maryland, September, 1978.

This is based on the preliminary family budget survey data for that period.¹ He notes on the basis of previous family budget surveys that there has been a slight improvement in the sixties in favor of the top 10's share, and a slight drop in the bottom 40's share. Compared with figures from other countries on a national not a sector basis, one finds that the average share of income received by the top 5 percent of the population elsewhere is 30 percent.² In Egypt that share accrues rather to the top 10 percent.

Radwan's major contribution lies in his analysis of rural poverty, the first systematic study of the subject made for Egypt. His method of determining poverty has been to draw a poverty line based on family expenditure data available for 1958-59, 1964-65, and 1974-75 from studies carried out by the Central Agencies for Public Mobilization and Statistics (CAPMAS). The poverty line was constructed on the basis of the "least-cost diet which fulfills the minimum nutritional requirements for an Egyptian peasant" in these three benchmark years. Assuming that a rural family consists of five persons, he multiplies the per capita minimum diet cost by five to reach the value of the minimum diet per household. He then calculates a minimum non-food cost per household and adds it to the cost of the minimum diet. His results show that the household income necessary to insure a minimum nutritional and basic consumption level, which defines the poverty line, amounts to 93, 125, and 270 pounds, respectively, for the three benchmark years.

Applying these criteria to expenditure data, Radwan reaches the following conclusions: (1) that there was a noticeable decrease in poverty, both

¹ The Arab Republic of Egypt, Central Agency for Public Mobilization and Statistics (CAPMAS), Bahth Mizaniyat al Usrah.

² Adelman, I. and Morris, C. T., Economic Growth and Social Equity in Developing Countries, Stanford University Press, 1973.

in absolute numbers and in relative terms, between 1958/59 and 1964/65, (2) a dramatic increase in poverty in the subsequent decade, and (3) the problem of poverty continues to be unsolved in rural Egypt. He shows that at the end of the first decade under consideration, there were three million people living below the poverty line and constituting 27 percent of rural families. The number went up to 5.8 million and 44 percent of rural families by 1974/75. Radwan attributes the sudden increase in poverty to inflation. However, if one is to measure inequality of income in rural Egypt by the Gini coefficient, which Radwan provides in his study, one again is struck by the relative equality in rural Egypt, with coefficients of 0.37, 0.35, 0.39 respectively for the three benchmark years.

Who are the poor? Radwan agrees with Abdel-Fadil that the poorest of the poor in Egypt are the landless peasants, especially the tarahil. The poor thus are agricultural laborers who are permanently or seasonally employed and the unemployed. Radwan goes further and considers "the majority of owners-cultivators operating small farms (5 feddans or less) as poor" (p. 48). Concerning the tarahil, he quotes a recent survey which shows their deplorable working conditions and their low income of about 28 pounds a year and temporary employment of nearly 100 days a year.

A number of remarks may be made here regarding these studies:

1. There is a tendency on Abdel Fadil's part to use term "class" loosely, often applied to landowning categories, such as owners of 5 feddans, as a separate class. Similarly, those who hire laborers are considered to be in the class of capitalists, whereas those who depend on self and household labor are considered as belonging to a traditional system of economic production. This tends to be misleading, since there are some small and large farmers alike produce for a cash market.

2. There is practically a unanimous tendency to look at rural people

either as landowners or non-landowners and to consider income as solely the function of land ownership. Hence, most classifications of rural people in Egypt have been in terms of access to the land. Rural society, as we shall see, is more complex than is thereby assumed.

3. Abdel-Fadil draws attention to the fact that the balance of trade between urban areas and the countryside constitutes an economic strain on rural people. Others tend to think more in terms of more equality in land ownership, which, if carried to its full potential, would give each rural person 0.3 feddans and reduce them all to poverty. This is not to overlook the desirability and relevance of additional measures to reduce the ceiling on land ownership further in Egypt. The point, however, is to underline the impracticality of introducing absolute equality in access to land in overpopulated Egypt.

4. Poverty is a question of degree, and in the case of Egypt it is essential to distinguish between basic and extreme poverty. Moreover, determining the number of poor households on the basis of an average household of five persons may not reflect demographic reality in rural Egypt. Size of households in various income brackets differ and this fact makes all the difference in tallying the numbers of the lower income groups below the poverty line.

5. The figure of 5 feddans as the minimum unit of land whose production is equal to the cost of living is high and should not be taken at its face value. According to World Bank figures, a feddan can support 3.5 persons, or 1.7 feddans would support a rural family of six persons. Here again, the question of classification in terms of ownership tends to be misleading, since the production units are not necessarily owned by the cultivator. We suggest the terms "farm operator" and "owner" be clearly distinguished.

5. Radwan cautions against taking expenditure figures too seriously,

and we agree with this. They constitute a reasonable estimate, not accurate information. The reason is that in rural areas one is not dealing with a perfect market of consumer goods.

In view of the complexity of the subject and the imperfection of the state of the data, it may be useful in identifying the poor and various rural income groups to resort to more than one criterion. The plan of this study is to examine the question from a number of angles. First, we shall start with the most standard approach, that of population and access to the land, and bring the picture up to date. In discussing land, we shall focus on farm operators, not owners alone. However, going by land figures alone is not enough to determine the picture, for the variations in land quality, management and yield lead to varying levels of income. Landowners may support a small or a large family, and they may have other sources of income. Moreover, the large proportion of rural people now involved in non-agricultural occupations has to be taken into account. This brings us to the second criterion, occupation.

An examination of manpower and the labor force in rural areas will enable us to determine, or at least to gain an idea of various income streams as well as help in gaining an understanding of the occupational composition of the population. Those who are only partially employed in agriculture or who are not in agricultural occupations need to be taken into consideration. Then, we shall discuss the question of incomes on the basis of complete expenditure data and relate them to various occupational groups. In conclusion, we consider the achievements and limitations of agrarian reform and areas where policy could have a positive impact on the situation of the rural poor.

Chapter II

THE RURAL POPULATION AND ACCESS TO LAND

The rural population of Egypt has been growing in absolute numbers though its share of the total population has been decreasing. The total population in 1976 was 38 millions; of which 20.5 lived in rural areas, making up 54 percent of the population (leaving out the Sinai population and those not living in Egypt at the time the census was taken). This may be considered something of an underestimate of the rural population, however, since the census considers capitals of provinces and districts (markazes) as urban centers. The line between urban and rural population in Egypt should not be drawn sharply, as such a census distinction obscures significant differences. The Delta region and Giza are in some ways sprawling suburbs of Cairo. In relation to urban population, the rural population manifested a slight decline in percentage terms from the year 1960, although in absolute terms the countryside increased by 4.5 million persons.

The rural exodus to the major cities in Egypt has not been as dramatic as one sometimes is led to understand. The 1976 census shows that the proportion of population in the four major cities has remained constant at about 21.5 percent of the total population since 1960, and that of provincial towns (including capitals of markazes) rose only from 15 to 18 percent between 1960 and 1966 (no figure is yet available for 1976).¹ However, it is of some significance that provincial towns are growing now more rapidly than the major cities. The growth of provincial towns provides rural areas with important employment opportunities, markets and services. It also links them socially and economically with the national life of the country.

¹ CAPMAS, Yearbook, 1976, Cairo, 1978. Only Giza Province shows a gain in 1976 over 1966. Its population increased by 768,900 in 10 years period and its ratio rose from 5.5 percent to 6.6 percent of total population. We can assume that most of this increase went to Giza city, a suburb of Cairo.

Population growth in Egypt has not been accompanied by expansion of the cultivation area, and the land-man ratio continues to decline. For the rural population, the individual's availability of land has declined from an average of 0.4 feddans in 1960 to 0.3 in 1976. This situation may have already been aggravated further by a reduction in cultivated area as a result of urban expansion and salinity. In view of the limited area of agricultural land, it is important to look at other sources of income by examining the occupational structure of rural Egypt. Thus besides land distribution here, we shall analyze in the next chapter the structure of the labor force to see what employment opportunities there are for the increasing rural population and how they affect incomes and living conditions. First, we shall look at the question of land and those who benefit by it.

Land Distribution

The cultivated land of Egypt in 1975 was 5,983,600 feddans, which is equal to or a little less than the area under cultivation in 1960.¹ First, it should be clearly stated that the exploitation of this land area is the major source of income for the majority of the 20 plus million rural people, but not for all of them. Since 1960, the estimate of the rural non-agricultural population has ranged between 20 and 23 percent,² while the non-agricultural population of urban areas is estimated at 10 percent. By this reckoning, the rural people who did not obtain their income directly from agriculture in 1976 were then about 4.5 million. This leaves 16 million

¹ The Agricultural Census of 1961 gives a total area of 6,222,839, which includes building grounds, public facilities and fallow land.

² According to Institute of National Planning, Manpower Planning in the United Arab Republic, Cairo, November 1966; and CAPMAS, Labor Force by Sample, 1975, Cairo, 1977.

rural inhabitants who are directly supported by the land or by working on it for private individuals or public agencies. Since the ratio of those in non-agricultural occupations to those in agriculture has changed only slightly in the last two decades, we can safely assume that the land was burdened by an additional population of 3,500,000 persons to feed. Thus our task in this study is to account for the sources of income and opportunities for this additional population, and the impact they have on rural incomes in general.

The first step is to ask how the land, which is the main source of wealth in the countryside, is distributed and what shares the rural inhabitants receive from its limited bounty. It is necessary at the outset to clear up the confusion created by official data, which often seem contradictory because of their mode of presentation. The tendency of the Ministry of Agrarian Reform and CAPMAS to equate the number of owners with the number of agricultural plots is misleading. It happens, however, that in Egyptian agriculture, an owner or operator often has plots spatially separated from each other. Consequently, the number of owners listed in these official statistics is inflated and reaches over 3 million owners, the majority of whom are owners of less than 5 feddans. Fortunately, in the fourth (and most reliable) Agricultural Census of 1961 (henceforth AC), this matter has been carefully considered, and every effort was made to count no owner more than once. Their reckoning has been by operational units (hiyazat, pl.). A farm operator (ha'iz) has been defined in the AC as a person who exploits a farm as owner, tenant, or both, and is responsible for the farm managerially, financially and technically. This definition, moreover, includes owners of livestock, even if they do not own land. An operator may be an individual, a company, or a public agency.

The Situation in 1961

Since the AC of 1961 is the most reliable and detailed source of information available on agriculture in Egypt, we can start with its results as a benchmark against which to compare data for later periods. The total number of operational units (hiyazat) in 1961 was 1,642,160. When this figure is broken down into ownership and tenancies, the number of pure owners shrank to 623,170, while the number of farmers who rent land amounts to 523,826. Farmers who own land and rent additional plots come to 495,164 (Table 2). The total is far less than the over 3 million owners figure presented for 1961 in the Annual Year Book of 1976 and in previous ones. Not only do we find many fewer owners, but fewer farm operators as well. The difference is whether the average operational unit is 1.08 feddans, as the data in the Yearbook indicate, or 3.65 feddans, as the AC statistics show.¹ Among farm operators, those who rent land in addition to the farms they own have the larger estates, 4.7 feddans per capita on the average. The average farm size of owners who do not rent additional land is 4.3 feddans. Not only do pure tenants have smaller resources, but the total area of land under their control is small, amounting to one fifth of the total land area (Table 2). The average size farm they operate is just under the minimum required for subsistence.

Having considered the average farm size as it was in 1961, let us now look at the actual distribution. Table 3 shows that there were 434,219 farm operators who managed tiny farms of less than one feddan, that is, on the average, half a feddan per farmer. This group naturally constituted the poorest segment of the farming population and deserves to be called

¹ The total area of land here is a rounded figure to 6 million. This is a rough adjustment of the figure given in the census to account for land occupied by buildings and other facilities. It is still a little high, but the difference should not be of much significance.

the nearlandless. Most individuals in this category work as wage laborers or in other occupations in addition to farming. However, despite taking additional jobs, evidence from survey results shows that they are the group receiving the least income among the farming population. Farm operators who managed between 1 and 3 feddans formed the largest group of farmers, 672,700, managing an area of 1,153,230 feddans, with an average farm size of 1.7 feddans. As we shall see later, 2-3 feddans is the minimum farm size necessary for providing subsistence to an agricultural family.¹ This 2-3 feddan figure applies to farms with traditional crops; for fruits and vegetables the minimum could be less than one feddan. There are also variations in yield from one region to another, and sometimes within the same region, depending on the quality of land and proper farming management.

If, however, we assume the minimum farm size that supports a family to be 2 feddans, then in 1961 there were some 820,000 farms of less than 2 feddans in size which did not provide minimum income for their operators and their families. Were land holding the only source of income, then one could easily state that over a million farm households, comprising 67 percent of all such households, were living below the poverty line in 1961. Moreover, nearly half a million farmers cultivated farms of less than one feddan and those would have to be added to the category of landless and near-landless. This suggests that a very large proportion of the rural population were living in poverty. However, we shall see later, when we consider streams of income, the income of these groups is not determined solely by farm size.

The inequality in access to the land in 1961 is demonstrated by the

¹ This estimate differs from that of Radwan, who adopts the figure of 5 feddans. On the basis of the World Bank figures, a feddan under perennial irrigation can support 3.5 persons. This means that 1.7 intensively cropped, irrigated feddans could support a rural family of six members.

Table 2

The Patterns of Landholdings 1961

Land Owned		Land Rented		Mixed Ownership and Rental		
Number of Owners	Area	Number of Tenants	Area	Number of Operators	Area Owned	Area Rented
623,170	2,664,549	523,826	1,213,924	495,164	1,087,728	1,256,636
37.9	42.8	31.9	19.5	30.2	17.5	20.19

Source: Ministry of Agriculture, Fourth Agricultural Census, 1961, Vol. I, Part I, Section 2, Table 5.

fact that 67 percent of farm operators controlled only 23 percent of the cultivated area. The farmers who operated 3 to 10 feddans may be considered stable well-to-do farmers. They constituted 27 percent of all operators, and managed 34 percent of the cultivated area with 5 feddans as the average farm size. In 1961, those who operated 10 feddans and over were still the smallest number of operators, 5.5 percent, who held the largest area of land, 2,767,749 feddans, amounting to 45 percent of the total land area. This figure, however, should be slightly scaled down to account for non-individual operators, i.e., companies and public agencies. The government, Agrarian Reform Agency, and companies together held 274,240 feddans in 1961, almost all in plots of over 10 feddans each. When adjusted for public lands, the average farm size in this category drops from 30.4 feddans to 27.4.

The Situation in 1975

What are the changes in the distribution of land that have occurred since 1961? Since that period, two new land reform laws were passed with the express purpose of lowering the ceiling on large estates, which by 1969 was set at 50 feddans per person, not to exceed 100 per family. It is not clear how many feddans were taken over and distributed to peasants as a result of this last measure since the government has not disclosed the figures, if any. Recent data in the Yearbook of 1976¹ show 57,033 feddans distributed over previous periods but these include reclaimed lands.

Looking at the situation as a whole, we find that the land sequestered from large owners and actually distributed to individual farmers since the beginning of land reform in 1952 is about 700,000 feddans.² This comes to

¹ CAPMAS, Yearbook 1976 (in Arabic), p. 57.

² Based on the Land Distribution Census of 1975 which shows this to be the number of all the land in the hands of members of agrarian reform cooperatives. Also based on the Annual Bulletin of Cooperatives in the Agricultural Sector (in Arabic) published by CAPMAS, 1974 which gives a comparable figure.

Table 3

Land Distribution by Size of Farm in 1961

	Less than 1	1 - 3	3 - 5	5 - 10	10 and over	Total
Holdings	434,219	672,705	274,317	170,019	90,900	1,642,160
Percent	26.4	41.0	16.7	10.4	5.5	100.0
Land Area (feddans)	211,155	1,153,230	990,029	1,100,669	2,767,749	6,222,839
Percent	3.4	18.5	16.0	17.7	44.5	100.0

Source: 1961 Agricultural Census.

about 12 percent of the total cultivated area, to which should be added the land distributed to peasants from the reclamation projects, which we would estimate at about 354,000 feddans.¹ The rest of the reclaimed land was either run as state farms or left simply unused.

The total pictures of land distribution in 1976 shows that more land has changed hands than these figures already cited seem to indicate. For instance, the area controlled by holders of 10 feddans or more has dropped from 2,767,749 feddans in 1961 to 1,091,192 feddans in 1976 (Table 4), a loss of 1,676,557 feddans. Moreover, of the one million feddans in that category, some 106,000 feddans belong to public agencies and companies, almost all in 100 or more feddan plots. It is clear thus, that land has changed hands rapidly since the first land reform law was passed in 1952. The government gave owners the right to sell land or have it taken over at a compensation rate determined by the government. Many large holders therefore preferred to sell land on easy terms to peasants. Moreover, every time the government reduced the ceiling, large landholders felt nervous and started selling. In addition, one should remember that inheritance has also had its effects during this period.

An important point to be noted with regard to the 1975 land distribution data is that the total cultivated area is given as 5,983,668 feddans, a small decline from the cultivation area for 1961. These figures are quite instructive and serious, for they show that the courageous efforts in the fifties and sixties made by the Egyptian government to expand the cultivation area have not measured up to expectations, and have been offset by other losses. First to be considered is that the reclaimed lands have

¹ Based on data in the Yearbook, 1976, which show the total number of feddans distributed since 1953 to be 1,046,217 feddans. Taking away 700,000 which were old lands leaves the above figure.

not been of the same quality as the old lands; and second, a great deal of the old land has been lost to salinity, urban expansion and exploitation of soil as raw material for construction (particularly for brick making). The estimates given for the erosion of the land wealth of Egypt are consistent with the figures given above, all of which show a nonexpanding cultivation area.

The smaller acreage of land, however, has been moderately compensated for by the increase in the cropped area as a result of shifting to perennial irrigation in Upper Egypt, where 847,600 feddans have been converted from basin to perennial irrigation. The World Bank shows the increase to be from 9.1 million cropped feddans in 1947 to 10.8 million at present. The World Bank document adds that "each feddan is now expected to support 3.5 persons, compared to 2.1 in 1947."¹ However, the latest figures from the Egyptian Ministry of Agriculture show a total of 11,198,000 cropped feddans.

Before making a systematic comparison between the census of 1961 and that of 1975, let us determine the extent to which they are comparable. We have already stated that the Fourth Agricultural Census of 1961 was comprehensive and carefully conducted to reduce the degree of double counting of holders. It was based on counting the various plots operated by the same person in each markaz as one holding, hiyazah. In 1975, the Ministry of Agriculture took a new Census by counting registered landholdings and operators in cooperative societies (agrarian and regular cooperatives). Since all farmers in Egypt have to operate through the cooperatives, all land holdings are actually registered there. No actual field

¹ The World Bank, Country Program Department 1, Europe, Middle East and North Africa Region, Report No. 1815-EGT, Arab Republic of Egypt: Economic Management in a Period of Transition, Vol. 1, Washington, D. C., 1978, p. 2.

Table 4

Land Distribution by Size of Farm in 1975

Area in Feddans	Less than 1	1 - < 3	3 - < 5	5 - < 10	10 - < 50	> 50	Total
Farm Operators	1,124,286	1,160,147	354,841	148,459	65,059	131	2,852,923
Percent	39.4	40.67	12.44	5.20	2.28	0.004	100.0
Area	739,028	2,023,456	1,185,581	944,411	985,508	105,684	5,983,668
Percent	12.351	33.816	19.814	15.783	16.50	1.76	100.0

Source: The Arab Republic of Egypt, Ministry of Agriculture.

survey was done, and the Ministry of Agriculture officials call this kind of census hasr, i.e., a count based on records.¹ They followed the same procedure as in 1961 of counting the various holdings of each operator in a markaz as the single holding of one operator. Thus, the 1976 census has also avoided double and triple counting of plots and operators.

The data provided by this census are therefore sufficiently comparable to the data of 1961. Both censuses, however, are subject to a small error, estimated by the Ministry of Agriculture at about roughly 4 percent. This is due to the fact that an operator may hold a plot in another markaz than the one in which most of his plots are to be found. Adjustments would be difficult to make, since there is no way of telling in which size categories these other plots fall. One may, however, adjust the total number of operators to the 4 percent level.

Given a cultivation area of 5.9 million feddans in 1975, how does its distribution compare with that of 1961?

First, it should be noted that the overall number of farm operators in 1975 increased by 1,211,000 to reach a total of 2,852,900 farmers. Since most of the increase has been in the category of very small holders, it is reasonable to assume that many landless individuals have acquired small plots of land. Due to the varying estimates of the labor force, no accurate figure could be given of the number of the landless in 1975. However, if we adopt the most recent figure of 5,300,000 rural workers given by CAPMAS survey of the labor force, the landless would come to 1,449,000. Those of them who are off-farm laborers, are about 1,219,000,² while the landless agriculturalists would be 230,000.

¹ Interview with the chief official in charge of conducting the census, February, 1979.

² Off-farm workers constitute 23 percent of the labor force, and the figure of 1,219,000 is 23 percent of 5,300,000 rural workers.

Another way of reaching an estimate of the landless would be to derive it from the number of rural households, which is about 4,000,000. If every household is headed by one bread-earner, then 2,852,900 households are supported fully or partially by cultivating land. This leaves 1,147,100 households without land; 920,000 of whom are supported by off-farm employment. The remaining 227,100 household heads would be landless agriculturalists. This is, of course, based on the assumption that every household has one eligible adult worker only and gives a lower figure than the real number. But based on the two estimates made here, it would be reasonable to assume that the landless agriculturalists range from 250,000 to 300,000 workers.

The near-landless, those who operate less than one feddan each, come to 1,124,300 farmers, which is one hundred percent increase over the 1961 figure. No other group of farmers has increased to this extent. The area under the control of this group of farmers increased four fold, from 3 to 12 percent of the cultivated area; in absolute numbers it comes to 739,000 feddans. The near-landless usually work in addition as hired laborers and together with the landless agriculturalists, they constitute a group of wage laborers of nearly 1.4 million.

The second group of small farm operators are those who held farms ranging from 1 to 3 feddans in size. There were, 1,160,150 farmers of them in 1975, an increase of 587,450 new farmers over the 1961 figure. They have extended the area under their control by 870,230 feddans, 180 percent increase. However, the average farm size for this group has remained constant at 1.7 feddans.¹ This is equivalent to the minimum farm size considered by the World Bank necessary for subsistence of an average

¹ Strictly speaking, there has been a slight change to 1.74 feddans.

rural family. However, this depends on the kind of crops raised and the productivity of the land.

The third group of farm operators, holders of 3 to 5 feddans, has dropped from 17 to 12 percent of all farm operators, though in absolute numbers they increased by some 80,000 new farmers. Thus, their growth, has not kept pace with the average growth rate of farm operators in general. This group of farmers have increased the area under their control from 16 to 20 percent of the cultivation area but the average farm size has decreased from 3.6 to 3.3 feddans.

The category of farm operators who held 5 feddans or more have lost ground in absolute numbers and in the area of land under their control. Those among them who held 5 to 10 feddans lost 21,560 farmers in absolute numbers and in percentage they dropped from 10 to 5 percent of farm operators. The area of land they controlled decreased from 18 to 16 percent. Those in the next higher category, holders of 10 feddans or more are fewer now, 2 percent of total farm operators instead of 5.5 in 1961. The area of land they controlled declined sharply from 44.5 percent to 18 percent of the total area. In absolute figures, they lost 1,676,600 feddans.

These data show that 1.8 million feddans have changed hands since 1961 most passing from holders of 5 or more feddans to others who held less or nothing originally. This is more than two times the land taken over and distributed by the government to landless peasants.

The distributive trend in landholdings since 1961 can be explained by the following factors: first, two laws were passed successively reducing the ceiling on land holdings to 50 feddans. We know that nearly 700,000 feddans were distributed under government auspices by 1975, and we know it has generally been the tendency among large landowners in Egypt to sell land on easy terms subsequent to passage of land distribution laws

in fear of further action by the government. Second, Islamic inheritance laws in Egypt entitle all male and female descendants to a share of the inheritance and this contributes to fragmentation. In the 15 years between the two censuses, much land could have passed to heirs.

In terms of resulting equality of distribution, it is interesting to note that small farm operators (less than 5 feddans) constituted 92.5 percent of all farmers in 1975 and controlled 66 percent of the land, while in 1961 they made up 84 percent of all farmers and controlled only 38 percent of the cultivation area. Large farmers (5 or more feddans) made up 7.5 percent of all farmers in 1975 and controlled 34 percent of the land, while in 1961 they constituted 16 percent of all farmers and controlled 62 percent of the land.

It is clear from these findings that in the second stage of land reform, it was the rural middle class who started to lose ground to the landless and small farmers. The first phase of agrarian reform (1952 to 1961) hit the largest estate owners of the aristocracy and absentee landlords; the second phase (1961 to 1969) hit the middle class who owned less than 200 feddans and more than 5. The fact that the middle class of the landed population decreased in absolute numbers indicated that many middle level and prosperous farmers were in retreat from agriculture after 1961. Their fortunes have suffered a setback not only in land losses but also by official measures which put an end to the open market in agricultural inputs like credit and major crops.

Viewed in terms of equality in land resources, it can be clearly seen by examination of Tables 3 and 4 that the least equal are the near-landless who hold less than one feddan of land. The most equal are farmers in the category of 1 to 5 feddans, for this group constituted, in 1975, 53 percent of all farmers and controlled 54 percent of all the land. The most

privileged are still those who operate farms of 5 feddans or more. They constitute 7.5 percent of all farmers but still control 34 percent of the land. On the whole, the distributive effect of agrarian reform laws, direct and indirect, has been to reduce the average farm size from 3.65 feddans in 1961 to 2.1 feddans in 1975. (Population growth has of course also contributed to this.)

Regional Distribution

It is generally assumed that the most striking differences in wealth and education regionally are between Lower and Upper Egypt. In fact, the variations are greater between provinces of the same region than they are between North and South. The area of land controlled by the near-landless (less than one feddan), for instance, varies very little between Upper and Lower Egypt (13 compared to 10 percent).¹ If, on the other hand, we look at provincial differences within Lower Egypt itself, we find that the variations for this same group range from 2.9 percent in Isma'iliyah and Suways provinces to 27 percent in Qalyubiya province. In Upper Egypt, the differences range from 6.9 percent in Aswan to 27.3 percent in Sohag.

Similarly, when we consider the other extreme group, the largest holders of land, we find the same pattern to hold up. This group controls about 18 percent of the land in Lower Egypt and 15 percent of the land in Upper Egypt. In contrast, we find the difference between one province and another in Lower Egypt to range from 8 percent in Suways province to 27.5 in Isma'ilyliyah. In Upper Egypt, the difference is between 7.5 percent in Sohag to 24.2 percent in Fayyum province.

The same pattern of variations applies to the distribution of farm operators. One finds, for instance, that as many as 57 percent of farm operator of Qaliyubia province to be among the near-landless while only

¹ The variations are still smaller among the middle level farm operators, of 1 to 10 feddans.

16 to 18 percent are so in Suways and Domiat respectively. In provinces of Upper Egypt, the same pattern prevails. The near-landless are most numerous in Sohag, 56 percent of the province's farmers, and least common in Aswan and Giza provinces, where they constitute 27 and 29 percent respectively. As for the largest land holders, the least are to be found in Minufiyah and Gharbiyah (0.8 and 0.9 percent respectively), while the largest number is in Isma'iliyah and Karf al Shaykh (5.2 and 5.0 percent respectively). In Upper Egypt, very few large owners are to be found. They constitute 0.8 percent in Sohag province and 3.8 percent in Fayyum.

Tenancy

The pattern of landholding in Egypt consists of pure ownership, pure rent and mixed rent and ownership. Thus a farm operator, ha'iz, manages an operational unit, hiyazah, which falls under one of these three categories. Figures given in Abdel-Fadil show that the land under rent has been declining since 1952 from 65 percent of the cultivated area to 51 in 1962.¹ The data in the AC, however, show that the area under rent in 1961 came to 40 percent only (see Table 2), half in pure rent and another half in mixed rent and ownership. Official data from the Ministry of Agriculture show that as of 1974/75 the area rented was 42.4 percent of the cultivated area, a slight gain of 2.4 percent. Recent data do not list the mixed category separately, so we are not sure how that category has changed, if at all. However, on the basis of the 1961 data, most of the pure leasing is in plots of less than 10 feddans, while most of the mixed operational units are in the 5 to 50 range. Small holders of less than 3 feddans rent more than one-third the area they operate. Cash rent was shown for 88 percent of the leased area in 1961, but went down to 81.5 in 1974/75.

¹ Abdel-Fadil, op. cit., p. 22.

Agrarian reform laws protected tenants by fixing the rents and giving tenants security in their tenure. Thus, rent on land was fixed in the agrarian reform law of 1952 at seven times the land tax, and this remained unchanged until recently. (Land tax was raised at the beginning of 1979, and this automatically raises land rents.) In addition, the agrarian reform law contributed to the security of tenure by making it illegal for an owner to break the tenant's lease. Recent legislation has tried to relax this measure to give the owner a chance to modify or end the renting arrangement, but it is still very difficult to expel a tenant legally.

The average rent value per feddan in 1975, according to official sources of the Ministry of Agriculture, was 24 pounds. There is, however, a regional variation, with rates being highest in Lower Egypt, 25 pounds, followed by 24.4 for Middle Egypt and 22 in Upper Egypt. Informal observation indicated that the rates were higher, especially in vegetable-growing areas. The largest area under rent is in Middle Egypt (51 percent of the land) with Fayum holding a record in low rent values. The least rented area is in Lower Egypt, 38 percent, followed by Upper Egypt with 46 percent.

It is not really clear to what extent the fixed rent law has been observed. Generally it is believed that violations were not extensive, at least until recently. Some specialists considered that the official rate was close to the market value of rent, up to 1960.¹ Recently, however, with the rising prices of crops and conversion to vegetables, owners have felt deprived. Their protests against the fixed rent rates have produced some results when the government raised the land tax and ipso facto rent rates.

¹ U.A.R., Institute of National Planning, Bulletin No. 576, by 'Izz al Din Hamman Ahmad, n.d.

Considerable conflict between owners and tenants has been observed by researchers. Abd-el-Basit Abd al Mu'ty found in a study carried out in 1967-70 in three villages in Beni Suef² that the widespread disputes between owners and tenants revolve around (a) refusal of the owner to give the tenant a written contract and (b) failure of the tenant to pay debts in arrears. He has shown the order of importance to be the following: (a) failure of the tenants to pay debts on rent, 50 percent, (b) demand by tenants for a written contract, 21 percent, and (c) demand by owner to expel tenant, 21 percent. With recent legislation, a tenant now risks court action and eventual eviction if he fails to pay the rent on time. Moreover, many owners now prefer to change the cash rent arrangements into sharecropping because of the high price of agricultural products, which explains the drop in cash rents recently. So the figures found by Abd al Mu'ty would probably be different now.

A recent development which contributes to improvement in rural incomes is the moderate shift to vegetable and fruit cultivation. In 1961, the area cultivated in fruits and vegetables did not add up to more than 761,000 cropped feddans² or 7 percent of the cropped area.³ In 1976, the area planted in vegetable and fruit trees came to 1,290,000 feddans, 977,000 of it for vegetables only.⁴ This constitutes an increase of

¹ Abd al Basit Abd al Mu'ty, Al Sira' al Tabaqi fi al Quariyah al Misriyah, Cairo, 1977.

² The average cropped feddan is equal to 1.6 feddans because of multiple cropping.

³ Abdel-Fadil makes an error of calculation when he states that vegetables and fruits occupied 2 percent only of the cropped area. He gives a figure for cropped area as 10,669,000 feddans, 761,000 of which planted fruit trees and vegetables. This makes 7.13 percent of the cropped area. See Abdel-Fadil, op. cit., p. 34.

⁴ Based on data from the Ministry of Agriculture, 1976. CAPMAS Yearbook comes close to this figure too: 1,244,000.

529,000 cropped feddans. Based on aggregate data from the Ministry of Agriculture, a feddan of vegetables yields 251 pounds and one of fruits 307 pounds, whereas traditional crops yield 161 pounds per feddan.¹ Since a feddan of vegetables or fruits yields an income more than twice that of the same acreage of traditional crops, the effect on incomes should be considerable. It has traditionally been the case that operators of medium and large holdings grow vegetables and fruits, but thus far we have no data on the breakdown by size of farm. However, as expected, most vegetables are grown in provinces close to the urban market: Beheira, Giza, Qaliyubia, Sharkia, and Minufia.

The market value of fruits rose 2.6 times and vegetables 2.4 times between 1968 and 1975, whereas the market value of traditional crops rose only 1.8 times. Similarly, the market value of animal products--meat, milk, and eggs--rose by more than two and a half times during the same period.²

Adequacy of Land Resources

How adequate is this land resource for supporting the rural population of Egypt? We may recall that the rural population in 1976 was 20.5 million and the number of farm operators was 2.85 million. Again, we should remember that 22 percent of the rural population are in non-agricultural occupations, and this leaves 16,000,000 persons in the rural areas deriving a livelihood from agriculture. We may use a number of

¹ We divided the total value of vegetables by the number of feddans planted vegetables and have done the same for fruits. As we shall see in Chapter IV, the figures for vegetables and fruits are underestimated.

² Based on data from the Ministry of Agriculture, Ma'had Buhuth al Iqtisad al Zira'i, Gross National Product of Agriculture (in Arabic), (internal bulletin), Table 1, 1976.

assumptions to figure out how well the land operated by these 2.8 million farmers supports the population.

First, if we assume that the land is equally distributed among all the people engaged in agriculture, that is, the 16 million, then each single person's share of land would be 0.37 feddan. This would be less than is necessary for subsistence, and would give the average family of 5.5 members a little over 2 feddans. Should the subsistence level be determined at 0.5 feddan per capita, then the cultivation area of Egypt would support about 12,000,000 only, leaving out 4 million without land of their own.

In short, the cultivated area of present day Egypt is not sufficient for adequately supporting the subsistence of the agricultural population. Unless something dramatic happens such as great expansion in the cultivation area, changes in the price structures or a technological revolution, the land of Egypt cannot absorb any more people, and the newcomers have to find employment in non-agricultural vocations or emigrate.

If we look at the land as it is actually distributed, departing the perfect equality model, then it becomes clear that some people engaged in agriculture are surviving below the subsistence level. Let us examine the distribution data (Table 4) to see the acreage held by small farmers (less than 3 feddans). Table 5 shows the difference between the number of persons the acreage in each holder's category could support if every individual needs 0.5 feddan for subsistence, and the number of people it actually is supporting if the average family size is 5.5 persons. The results show that land holdings of less than 3 feddans are supporting many more people than they are supposed to. On farms of less than 3 feddans, there is an excess population of 7 million, whereas larger farms are providing for about one-third of the number of people those farms could

Table 5

The Land Basis of Support According to the Actual Distribution in 1976

Individuals	Feddans					Total
	< 1	1 - 3	3 - 5	5 - 10	10 and over	
The number of people the land held can support at subsistence level	1,478,056	4,046,912	2,371,162	1,888,822	2,182,384	11,967,000
The number of people it actually supports	6,183,573	6,380,808	1,159,625	816,524	358,545	14,899,000
Difference	-4,705,517	-2,333,896	1,211,537	1,072,298	1,823,839	-2,932,000

Based on Table 4. Row one has been reached by multiplying the number of feddans by 0.5 and row 2 by multiplying the number of holders by 5.5.

support at the subsistence level. In other words, the over 3 feddans farms are creating a large surplus above the subsistence level for their operators. This method of calculation shows about 3 million persons in excess of subsistence levels on the land.

A third approach would be to figure out the number of dependents and providers in the rural areas. A CAPMAS study¹ shows that in 1960, full providers constituted 16 percent of the rural population (96 percent of whom were males). The partial providers, that is, those who earn part of their upkeep, constituted 12.5 percent (again, mostly males, 87 percent), while the completely dependent constituted 71 percent of the rural populations. We have no comparable estimates for 1976. However, if we assume that the same proportions still hold, then we would have 3,280,000 providers among the 20.5 million rural population, and 2,665,000 who earn part of their living. The remaining 14,555,000 persons would be dependents. If we also assume that the partially self-supporting account each for one-third the income generated by the full provider, then we can add 888,333 full providers to raise the number of this category to 4,168,333 individuals who provide for the rest of the rural population. This means that each full provider supports 3.9 persons other than himself. However, we still do not know at this stage the wages or revenues of full providers and the extent of underemployment, which is supposed to be widespread in rural areas. So we cannot determine the adequacy of land in relation to population by this method, which only sketches for us the extent to which persons working on the land must generate income by their labor (on their land or in some other activity) to keep a family sustained.

It should be clear from the preceding that we have to go beyond

¹ CAPMAS, Ziadat al Sukkan, p. 41.

analysis of access to land and to discuss participation in the labor force. First, there is a fairly large sector of the rural population, about 23 percent, not involved in agriculture. These are not landless in the sense of being very poor and having no other source of income. Second, some farmers, mainly the ones who cultivate very small plots of land, hire out their services as laborers or pursue non-agricultural part-time jobs. Third, many of the people working in the countryside, farmers, and others, are supposed to be underemployed, and in order to determine the nature of underemployment and its extent it is necessary to analyze the labor force. Finally, the incidence of a large number of wage laborers in agriculture makes it necessary to examine the labor force in rural areas and nationally. This we will proceed to do.

Chapter III

THE RURAL LABOR FORCE: NUMBERS AND ACTIVITIES

In the preceding section on land distribution, we noted that it is necessary to go beyond the examination of land and farm operators to understand the economic situation of rural people. In this section, we shall try to supplement the picture by analysis of the labor force in order to show the kinds of employment available in rural areas and the labor outlets of the ever increasing rural population. We shall demonstrate that the structure of agricultural production has changed and this has increased employment on the land rather than decreased it. Hence, it will be shown that the number of those employed in agriculture and related activities is much greater than is reported in official statistics. This finding will have important implications regarding the distribution of incomes in the countryside.

Much of the confusion about labor force statistics in Egypt is due to the vague use of terms. It is therefore necessary to explain how some of the terms are used by Egyptian census takers. First, the term "manpower" is used to include all individuals, males and females, able to work, between the ages of 6 and 65 years. The term "labor force," on the other hand, is defined as that section of the manpower which is actively working or seeking work. Sometimes, the statistics use the minimum age of 12 rather than 6, but that would usually be noted. It is often easy to gloss over the difference between agricultural labor force and the rural labor force, which gives rise to a great deal of confusion.

Just as we have done in the analysis of landholdings, we shall take the 1961 and 1975 results as a benchmark against which to measure changes and trends. Insofar as the agricultural labor force is concerned, we have a very valuable source in the Agricultural Census of 1961 on which to base the analysis. For 1975, our main source will be the Labor Force Sample

Survey carried out by CAPMAS.¹ The survey selected randomly 113 villages, or 3.5 percent of the villages in each province. The unit of analysis in each village was the residence, not the population at large.

Basing its results on data from the 1960 population census, the Institute of National Planning put the figure for the total manpower in Egypt at 15.8 million,² and estimated the labor force to be 6,589,000 or 26 percent of the total population. This, the study notes, is below the level common in industrialized countries where the labor force constitutes 30 - 40 percent of the population. The small number of females participating in the labor force is probably responsible for this low figure in Egypt. The percentage has not changed, however. Recent studies show the labor force (aged 6 to over 65) in 1975 to be 10,080,000,³ which again makes 26 percent of the population. Female participation was 7.5 percent of the labor force, way below that in other Third World countries.

Taking a look at the distribution of the labor force in urban and rural areas can contribute to our understanding of the conditions of agricultural laborers. It has been the assumption of national planners in Egypt that potential industrial growth would absorb what was viewed as surplus labor in the countryside, and this view has been the main justification for heavy investment in industry in urban centers. However, growth in industry, though more rapid than in agriculture, has not been sufficiently great to absorb many of the rural workers.⁴

¹ CAPMAS, The Labor Force by Sample: May 1975, Cairo, 1977.

² Ages 6 to over 65. Institute of National Planning, Manpower Planning in the United Arab Republic, Cairo, November, 1966.

³ CAPMAS, Labor Force by Sample, 1975, (heretofore LFS), p. 26.

⁴ See Robert Mabro, The Egyptian Economy, 1952-1972, Oxford: Clarendon Press, 1974, p. 188.

In a situation where demand for agricultural laborers was not rising and very limited absorptive capacity for labor was to be found in the industrial and services sectors, work opportunities for rural laborers were extremely limited and wages remained depressed through the sixties and well into the mid-seventies. Indeed, the whole question of rural out-migration so often cited as grave in Third World countries may have been exaggerated in the case of Egypt. This country has not, comparatively speaking, experienced alarming rates of rural to urban migration and much of the migration that occurred went to provincial towns.

Urban-Rural Divisions

In terms of urban-rural divisions, the majority of the labor force is still found in the rural areas. The urban labor force constituted only 34 percent of the total labor force in 1960, slightly less than 9 percent of the total population.¹ In 1975, it came to 43 percent of the total labor force and 10.3 percent of the total population.² Thus the rural labor force is still larger, 57 percent of the labor force. The ratio of rural to urban labor is declining, but not terribly fast (Table 6).

Table 6

Presumed Changes Over Time in the Distribution
of Agricultural and Non-Agricultural Labor

Year	Non-Agricultural (Percent of Total Labor Force)	Agricultural (Percent of Total Labor Force)
1959/60	46	54
1964/65	48	52
1969/70	51	49
1975	55	45

Source: Rows 1 and 2 are based on data in CAPMAS, *Ziadat al Sukkan*, Table 81, p. 185. Rows 3 and 4 are based on data in CAPMAS, Yearbook, 1976, p. 216.

¹ See Institute of National Planning, Manpower Planning in the United Arab Republic, Cairo, November, 1966, Table 2, Appendix I.

² Based on CAPMAS, Labor Force by Sample, 1975, p. 41.

According to Table 6, non-agricultural labor rose from 48 percent in 1964/65 to 55 percent in 1975. However, the increase in absolute numbers over this period is not that great. It changed from 3,553,400 in 1964/65 to 5,212,400 in 1975, an increase of 1,659,000 over a ten year period, or at the rate of 165,900 annually. Such an increase in the employment situation of all sectors of the economy except agriculture does not suggest a rapid rate of growth. The reason the percentage given in the Yearbook shows rapid growth in off-farm labor is due to the low estimate of the agricultural labor force. It was given as 4,048,300 in 1969/70, and as 4,217,900 in 1975, an increase of 169,600 in five years. Not only is this unrealistic, but the number of the total agricultural labor in this source is grossly underestimated. Later, we shall show why this is the case. Suffice it to say here that agriculture, according to the LFS, still employs more than all other sectors combined.

The labor market in general did not show a marked increase in the number of jobs until 1975, when the figure for the total number of workers aged 12 to over 65 reached 9,430,000.¹ Small as it was, the growth in the non-agricultural sectors was not in industry but in construction plus finance and commerce. Between 1973 and 1975, the construction sector added 145,000 new jobs nationally, the single largest increase in any sector. This spurt in construction followed a short period of decline from 1970 to 1973. Although no figures are available for 1978, all indications point to a continued growth in the construction sector. Commerce and finance created

¹ CAPMAS, Yearbook, 1976, p. 216. The Labor Force Survey conducted also by CAPMAS shows a slightly smaller figure for the labor force of that year, 9,264,100, or a difference of 166,200. The Yearbook figure, we are informed, is based on the latest estimates of national planning, whereas the LFS is the result of a sample survey. Later on we shall use the LFS figure for consistency, since this data source is more detailed. It will also be noticed that both figures are smaller than the one listed earlier. This is due to the different age bracket included, not the result of error.

102,100 jobs during the same period, while industry generated only 63,000 jobs.¹

The increasing demand for construction workers in Egypt and oil-rich countries has left its impact on the labor force in rural areas in what has become known as a "shortage" of agricultural workers and higher wages. In addition to the large demand generated within Egypt, a large number of Egyptian workers have been seeking work in oil-rich Arab countries. Figures regarding the size of the labor force abroad very considerably and even less can be said about its composition. In 1969, CAPMAS reported 13 percent of Egyptians working abroad had no educational qualifications,² which indicates the highly skilled nature of emigrants. Since that period, however, construction workers have been in high demand by oil-rich countries, and large numbers of unskilled workers joined the emigrant working force.

The largest figure given for the number of Egyptians working abroad comes from the 1976 census, which shows a figure of 1,425,000 persons who live abroad without dependents, and should include students. One study group has concluded that the number of Egyptians working abroad in 1976 was 637,430 and that those of them who were working in Arab countries come to 430,158.³ This is, of course, smaller than the 1976 Census figure - and it is not possible to reconcile the two figures in this context. The latter figure on Arab states is based on data from the host countries. The largest number of Egyptians are in Libya, Saudi Arabia and Kuwait. Though little is known about the origin and composition of the emigrant

¹ Yearbook, p. 216. Industrial growth could stimulate employment in the tertiary sector, but in Egypt this does not seem to be the case, see Mabro, op. cit., pp. 191.

² CAPMAS, Mu'ashirat al Tharwat al Bashariyah, 1970.

³ International Migration Project, University of Durham, "Arab Republic of Egypt," co-editors and principal researchers J.S. Birks and C.A. Sinclair, March 1978 (mimeo.), p. 40.

labor force, the data available show a high level of qualification. For instance, data from Kuwait for 1976 indicate that only 23 percent of Egyptian workers in Kuwait are illiterate. This compares with 56 percent of the total Egyptian population at home.¹

In summary, the national picture regarding the growth of labor opportunities inside Egypt in the last fifteen years does not seem encouraging. The figures show low growth, with the productive sectors growing at a lower pace than services. Official aspirations for the industrial development strategy adopted in the fifties to absorb growing labor surplus from the countryside did not materialize. As we shall see later in this chapter, agriculture in Egypt may be approaching the limit of its capacity to absorb new workers and other outlets may have to be found.

The Rural Labor Force

Not all of the rural labor force in Egypt is engaged in agriculture. In 1960, the non-agricultural labor force constituted 20.7 percent of the rural labor force, while agriculture accounted for about 80 percent.² Farming as an activity accounted for 78 percent. (The difference is explained by the fact that some agricultural work requires employment of people in skills other than farming.) Of the non-agricultural occupations, services and commerce accounted for 50 percent, while other activities such as manufacturing, construction, and government employment made up the rest.

These statistics should be clear: in 1960, non-agricultural activities occupied 21 percent of the rural labor force, while agricultural activities in in urban areas accounted for 10 percent of the urban labor force. The

¹ Ibid., p. 46. For males, illiteracy is 43 percent. Partial results of the 1976 Census.

² INP, Manpower, see Table 3.

relatively high figure of agricultural occupations in urban areas may be explained by the fact that capitals of provinces and markazes have been considered urban centers in the 1960 Population Census. The largest proportion of agriculturalists in urban areas are to be found in the following provinces: Kafr al Shaykh, Qena, Beni Suef, Minufiya, Sohag, Asiut, Fayum, and Minia, in the order listed.

Distribution According to Economic Sector: There has been a moderate change in this picture since 1960 in favor of the non-agricultural population in rural areas. By 1975 the share of the off-farm workers in the rural labor force came to 23 percent, while 77 percent were in agriculture. Those who are occupied in farming only came to 76 percent.¹ The total number of non-agriculturalists in the rural labor force came to 1,218,000. The distribution of this non-agricultural group across various economic sectors is very much like that in 1960, with one major difference: the number of persons occupied in manufacturing and energy increased markedly to 21.5 percent of the off-farm labor force in rural areas and ranked second to services only after having occupied fourth rank in 1960. This increase, however, stopped in 1970, and manufacturing lost a few jobs (see below).

It may be instructive to compare the various rural groups in the non-agricultural labor force in two periods: 1970 and then 1975 (see Table 7).² It will be noted that manufacturing lost then the spurt of growth it enjoyed in the sixties; in net figures the decline was 13,000 jobs. In absolute numbers, services registered the greatest growth in employment, increasing by some 51,900 jobs. This is partly because finance and insurance

¹ These figures do not include workers under 12 years of age, but this should not make much difference since the number of wage laborers in the lowest age group is very small.

² The comparison cannot really be very exact because the 1970 data breakdown does not have a category of "unknown" as do the 1975 data.

Table 7

Non-Agricultural Labor Force in Rural Areas According to Economic Sector

Year	Manufacturing and Energy	Construction	Trade	Services	Transport	Unknown	Total
<u>1970</u>							
Number	275,200	41,000	229,000	384,000	106,000	--	1,035,200
Percent	26.6	4.0	22.1	37.1	10.2	--	100.0
<u>1975</u>							
Number	262,200	67,600	225,300	435,900	105,300	63,500	1,159,800
Percent	22.6	5.8	19.4	37.6	9.1	5.5	100.0
<u>Difference</u>	-13,000	+26,600	-3,700	+51,900	-700	63,500	124,600

Source: CAPMAS, Bahth al 'Amalah bi al 'Aynah May 1975, August 1977, and

CAPMAS, Mu'ashirat al Tharwah al Bashariyat, 1970

were added to this category. In all, it represents 13.5 percent growth over the 1970 figure. The most rapid growth since 1970 has been in the construction sector, which added over 26,000 jobs to rural areas in five years, a growth of nearly 40 percent. Thus, the increase in demand for construction workers has been experienced in rural as well as urban areas, and has made its contribution to the resulting shortage in agricultural labor.

In terms of occupations of the off-farm population in 1975, one finds a preponderance of laborers, professionals, clerks and people in the services sector (Table 8). By far the largest group is laborers who constitute 38 percent of the non-agriculturalist labor force. They are followed by individuals in the services sector, 23 percent. The large categories of administrators and executives, clerks and servicemen reflect the heavy government investment in welfare and management of agricultural production in the last two decades. People in commerce continue to constitute a large segment of the working non-agricultural population, despite restrictions on trade in the sixties. However, it is to be remembered that a large number of those in trade are small peddlers, not middle or large scale entrepreneurs.

The Number of Agricultural Workers: When it comes to determining the number of workers in agriculture, official figures tend to be biased downward. Not all those who work in agriculture are considered by census takers as part of the labor force. Left out are unpaid family workers, mostly children and females. Commenting on the Census of 1960, the Institute of National Planning study of rural employment pointed out that the "counters of the Census did not receive complete information about the participation of

¹ INP, Research Report on Employment Problems in Rural Areas, Utilization of Manpower, August 1966, p. 39, heretofore, RREP.

Table 8

Distribution of Working Non-Agriculturalists According to Occupation, 1975

	Professionals	Managers and Executives	Clerks	Trades	Services	Workers*	Unknown	Total
Number	120,600	19,200	94,600	181,900	277,200	464,500	60,400	1,223,400
Percent	9.9	1.6	7.7	15.3	22.6	38.0	4.9	100
Permanently Employed	93.6	81.2	95.4	91.0	96.21	82.0	8.6	--

Source: Based on CAPMAS, The Labor Force by Sample, May 1975.

*Workers in manufacturing and transport.

female household members in productive work."¹ The problems of the 1960 census are complicated further by varying readings made by different users.

In any case, there seems to be agreement among some readers that the agricultural labor force ranges between 4,339,000 and 4,406,000 in the period between 1960 and 1970.¹ In CAPMAS there is a belief that the overall agricultural labor force is declining in numbers, and the figure given for 1975 is 4,217,900.² This is below the figures just cited for the sixties. Indeed, the CAPMAS figures for the year 1969-1975³ are consistently below those we have for the year 1960. On the other hand, the World Bank Report on the Egyptian economy maintains that the agricultural labor force has been growing at one percent per annum.⁴ In all these figures, it should be clear, unpaid family labor is excluded, female workers are not fully counted, and casual labor figures have a wide margin of error. Beginning in the seventies, CAPMAS started to count unpaid family workers, and the LFS shows a rural labor force consisting of 5,302,100 for the year 1975 (Table 9). Even this figure, as we shall see, is an underestimate. It is clear, however, that the survey shows nearly a million workers more than the preceding estimates, and this is accounted for by counting unpaid family workers. In the following section on different types of agricultural workers, we shall show the extent of low estimates.

Types of Agricultural Workers: In view of the fact that the 1961 Agricultural Census is the most comprehensive and reliable information

¹ INP, Manpower Planning, Table 2, and Amr Mohie-Eldin, "Underemployment in Egyptian Agriculture," in ILO/ECWA, Manpower and Employment in Arab Countries: Some Critical Issues, Geneva: 1975.

² CAPMAS, Yearbook 1976, p. 216. This varies with LFS widely, because CAPMAS started to count unpaid family workers.

³ Ibid.

⁴ World Bank Report, p. 23, also Mabro, op. cit., p. 171.

source, we shall be guided by its results as we proceed to discuss recent data. The Census takes account of all those who work in agriculture: holders who work on their own farms, unpaid family workers, permanent wage laborers and casual laborers. Table 9 shows the breakdown of the labor force according to these categories.

Unpaid Family Workers: It is obvious from these data that many more people are involved in agricultural work than are usually accounted for. The factor that makes the single most difference in the statistics has been that of unpaid family workers. These are usually left out, although according to the most reliable census they constituted 38 percent of the labor force in 1961 (Table 10). More recently, studies of the labor force by sample conducted by CAPMAS have taken note of unpaid family workers. The figure given by CAPMAS in the sample survey for 1971 is 1,463,600, or 29 percent of the rural labor force of 5,045,600.¹ This figure is far below the number of unpaid family workers given for 1961 (see Table 10). The underestimate may be partly due to the fact that the LFS does not include child labor aged 6 to 12, and leaves out those who work less than one-third of a full-time load. We cannot tell how many were considered to be working less than one-third time and were left out, but we can make adjustments to include child labor and to exclude non-agricultural workers. Since we know that the non-agricultural labor force in rural areas then was not less than 22 percent of the rural labor force, the agricultural labor force of 1971 should come by this reckoning to 3,935,568. This means that the 1.46 million unpaid family workers given by the LFS made up 37 percent of the agricultural labor force. When 346,900 child workers in the age bracket 6 to 12 are added,² the total agricultural labor force

¹ CAPMAS, Population (Arabic), No. 10, January 1975, Tables 1 and 4.

² Figure is drawn from CAPMAS, Labor Force by Sample, May 1975, Table 1, p.17.

Table 9

Distribution of the Rural Labor Force (Ages 12-65), 1975

	Wage Laborer	Self-Employed and Does Not Hire Labor	Self-Employed and Hired Labor	Unpaid Family Workers	Unemployed
Number	1,856,000	926,600	1,039,400	1,421,200	58,900
Percent	35.0	17.5	19.6	26.8	1.1

Total: 5,302,100

Source: Based on CAPMAS, Labor Force by Sample, May 1975, p. 41.

Table 10

The Agricultural Labor Force by Status of Workers, 1961

	Farm Operators Working On Own Farms	Unpaid Family Workers	Permanent Wage Laborers	Casual Laborers	Total
Number	1,611,609	2,546,490	599,669	1,850,514	6,608,282
Percent	24.4	38.5	9.1	28.0	100.0

Source: The Fourth Agricultural Census, 1961, Vol. I, Part IV, Table 58 (in Arabic).

would reach 4,282,400, and the percentage of unpaid family workers goes up to 42 percent. Since most child labor is to be found on family farms, it would be reasonable to include them all in the agricultural labor force. However, assuming that a small number of them, amounting to 10 percent, do not work in agriculture, unpaid family workers would still amount to 41.5 percent. This is consistent with findings which we shall discuss later in this section to the effect that the numbers of unpaid family workers have risen considerably over the 1961 levels.

The question, however, is how long a time do these family workers spend in agricultural activities. They may constitute one third the labor force in size, but not in man hours. Here again, opinions differ on the subject, and the difference ranges from estimates of 10 percent of the man hours put in by regular workers to estimates of 50 percent for children and 33 percent for women.¹ What makes this issue difficult to resolve is that many women and children work in agriculture-related activities at home, such as taking care of the farm animals and processing farm products. These activities consume long hours, and are often not included by census takers as farm labor, especially in the case of unpaid family members. To appreciate the magnitude of this kind of activity, it may be useful to consider the man hours spent in each type of activity according to INP data presented by Hansen (Table 11).

Table 11 shows that family members of farming households spend long hours working in farm and farm-related activities, a fact that supports the large figure shown by the 1961 AC. The incidence of a large proportion of unpaid family workers makes it difficult to understand economic conditions of rural population on the basis of wages alone. It may be observed

¹ B. Hansen, "Employment and Wages in Rural Egypt," American Economic Review, June, 1969, p. 300.

Table 11

Average Annual Working Hours According to Sex-Age Groups,
Types of Households, and Types of Work

Type of Household	Sex-Age Group	Number of Hours Worked Annually	Percent of Annual Work Time Spent On:				
			Field Work	Animal Husbandry	Processing farm Products	Other Agricultural Work	Nonagricultural Work
Farmers	Men	2,280	53	21	3	13	10
	Women	869	19	63	11	3	4
	Children	1,022	49	39	3	5	4
	Total	1,642	48	30	4	10	8
Farm Laborers	Men	2,324	58	13	3	11	15
	Women	904	31	35	4	8	22
	Children	1,374	55	23	2	7	13
	Total	1,716	53	15	3	10	16
Others (non-agricultural)	Men	2,482	8	4	3	3	82
	Women	697	14	29	6	2	49
	Children	1,087	25	26	2	1	46
	Total	1,738	11	10	3	2	74

Source: Hansen, "Employment and Wages in Rural Egypt," American Economic Review, June 1969, p. 300.

in passing that not all persons in unpaid family service are available for full time work in the labor force, and second, the number of work hours for this group may be underestimated. Family members are engaged in year-round activities attending to livestock, poultry, bees and processing farm by-products, and they earn considerable income in this way.

Permanent Wage Labor: The AC tally of the labor force in agriculture in 1961 shows a small proportion to be permanent wage laborers, 599,700, or 9 percent of the total agricultural labor force. In 1975, the Ministry of Planning count of permanent agricultural laborers showed that they were still 9 percent.¹

The Labor Force Sample Survey of 1975 shows that the total number of rural wage laborers was 1,856,000,² of whom female workers were a very small minority (4.3 percent, another underestimate). Of these workers, those with permanent status as wage earners came to 1,292,900, or 70 percent of all wage laborers. Since this includes off-farm workers, estimated in this study at 23 percent, permanent agricultural wage laborers should come to 995,533. The rest of wage laborers, 563,100, are classified as temporary, seasonal, short of full-time, and unknown.³ Unfortunately, no definitions of these terms are provided to allow us to determine precisely what they mean.

Permanent wage laborers in agriculture, according to the LFS data, have increased from 599,700 in 1961 to 995,500 in 1975 a difference of 395,800. While the increase in absolute numbers is not great, in percentage it has doubled, from 9 to 18.7 percent. The explanation lies in

¹ See Waterbury, "Egyptian Agriculture Adrift " p. 5.

² CAPMAS, Labor Force by Sample, May 1975 (Arabic) p. 88.

³ Ibid.

the fact that the LFS figures of 1975 greatly underestimate the number of casual laborers and the number of unpaid family workers.¹ This has the effect of inflating the percentage for permanent wage laborers. Thus, we believe that the proportion of permanent wage earners in the agricultural labor force has not changed so much from what it was in 1961.

Casual Workers: Casual laborers are the second largest group of agricultural workers, according to the AC. They amounted to 1,850,000 laborers in 1961, or 28 percent of the agricultural labor force (Table 10). The Census defined them as workers employed part-time only during the year and hired seasonally on farms and in public works or for specific farm work such as combating the cotton worm, planting rice, harvesting, etc. They consisted of children, mostly 6-12, adult females, the near-landless and the landless individuals who have nothing other than their labor to sell. Many of them work in places other than their own communities, all or part of the time, and are known as migrant workers (tarahil).

Not all casual workers are among the very poor, because for some of the people in this category work as a seasonal laborer is a supplementary activity, not the primary source of income. For many men, it is a secondary activity, and most women and children take it up to supplement family income. The size of these subcategories may be gleaned from figures given for women and children in the wage labor market. Table 12 shows that in 1961 adult female workers over 18 years of age (104,000) constituted 6 percent of casual laborers, while girls and boys under 18 years constituted 67 percent. This leaves 27 percent of

¹ See below, p. 70.

the casual laborers as adult men 18 years of age or over (506,200 workers). Considering that there were then 434,200 farmers who were near landless and therefore mostly available for seasonal work, the total number available is over 900,000 casual workers. Migrant workers (tarahil), no doubt, constituted a large proportion of the casual laborers who have nothing to offer but their work. Tarahil were estimated at 200,000 in 1964.¹

Not much information is available about the conditions of Tarahil workers beyond what has already been mentioned by Radwan. However, in the last two years they seem to have enjoyed somewhat better working conditions. Their wages are up and they are provided by a lunch and transportation at the expense of the employer. Contractors are still the recruiting agents of tarahil workers. The government efforts to replace them by public agencies in the sixties failed.

Unfortunately, we do not have an accurate estimate of casual workers in agriculture for 1975. The Labor Force Sample Survey gives a grossly underestimated figure of 516,300, probably because it is a survey not a census. The LFS, it may be recalled, was based on residential units, and thus should have missed most migrant workers. The number given, at any rate, is 1,332,214 workers below the figure given for 1961 (cf. Table 10) in the Fourth Agricultural Census. We know of no drastic change in agriculture that could have caused such a sudden drop.

In short, the number of casual workers estimated as engaged in agriculture in 1975 could be over 2 million workers short of the real figure. The serious underestimates are in unpaid family workers and casual laborers.

¹ See Atiyah al Sayrafi, who quotes official Trade Union figures in 'Ummal al Tarahil, Cairo, 1975, p. 79.

Table 12

Wage Laborers According to Age and Sex, 1961

		Permanent Wage Laborers			Casual Wage Laborers		
		6 - 12	12 - 18	18	6 - 12	12 - 18	18
M		112,410	139,108	262,919	368,880	406,111	505,208
F		35,141	31,952	18,139	250,000	215,374	103,936
		Total Permanent Laborers			Total Casual Laborers		
M		514,437			1,281,119		
F		85,232			569,315		

Source: The Fourth Agricultural Census of 1961.

Labor Growth and Underemployment

In an interesting article on underemployment in agriculture, Mohie-Eldin maintains that the labor force in agriculture has remained constant from the period going back to 1937 and up to 1970.¹ But since the rural population has been growing rapidly, an employment crisis may be suggested by these findings. For instance, the rural population rose from 11,950,000 in 1937 to 20,560,000 in 1975, and, as we have noted earlier, by nearly 4.5 million since 1960. While this is less rapid population growth than in the cities, it is still considerable in view of the limited expansion in rural resources. As for the non-agricultural sector of rural areas, it seems to have barely kept pace iwth the changing demographic situation, increasing to 23 percent only since 1960.

The data just cited show a growing population and a constant labor force, which suggests a deteriorating economic situation and increasing poverty among rural people. It seems curious, however, to have to conclude that the momentous changes in agriculture since 1952, such as in irrigation, land distribution, horizontal expansion, modernization and changes in agricultural management have not generated new job opportunities. For one should remember that converting land in Upper Egypt to perennial irrigation has increased the cropping acreage by some 847,600 feddans, and we have to assume that this was accompanied by an increase in the demand for labor. In addition, national involvement in the management of agriculture since 1952 has provided the non-agricultural sector with scores of thousands of officials, agronomists, clerks, and professionals who became employed in rural areas. Horizontal expansion, too, has added new jobs to the rural work force but has failed to live up to its promise of

¹ Mohie-Eldin, "Underemployment," op. cit.

absorbing significant numbers of the rural population. After the initial stage of absorbing a large number of workers in reclamation works, the demand has declined, and the number of feddans supporting new families has been meager.

Can we conclude from this that underemployment and/or unemployment have increased since 1960 due to the rise in the absolute number of rural population and the limited growth of labor demand in rural areas? First, we ought to take account of demand for rural labor outside the rural areas; and second, examine the employment and unemployment situation. We shall start with the latter question and make our base of analysis the 1961 Census as a benchmark with which to compare later results.

Open unemployment in rural Egypt has never been considered high. The highest figure, according to official statistics, was 3.0 percent in 1963, but then it dropped suddenly to 0.4 in 1964 and stayed low, a negligible and probably incorrect 0.1 in 1971.¹ According to the study of the labor force by sample made by CAPMAS, open unemployment was 0.6 in 1971, and 1.1 percent of the rural labor force in 1975.² Whatever the case may be, it is clear that open unemployment is low in rural Egypt, though disguised unemployment which no one seems to assess would raise this figure, possibly substantially.

Underemployment: As for underemployment, Mohie-Eldin has made the most developed argument. He maintains that the "agricultural sector is divided . . . into two subsectors that exist together--a family farm sector and a capitalist farm sector." He adds that the family farm sector in agriculture has to absorb the superfluous labor" that does not find

¹ Institute of National Planning, "Open Unemployment in the Egyptian Economy," by Amr Mohie-Eldin, Memo No. 1184, January 1977.

² Based on CAPMAS, Labor Force by Sample, 1975, p. 41.

employment opportunities outside agriculture or in the capitalist agricultural sector.¹ He points out in support of this argument that farms below 5 feddans absorb 73 percent of the agricultural labor force, occupy 38 percent of the cultivated area, and constitute 84 percent of the holdings. Since rural open unemployment was not more than 1 percent in the sixties, he concludes that there was underemployment in the agricultural sector. He cautions, however, that underemployment in rural Egypt applies to the small family farm sector, not to all farms.²

It seems, however, that Mohie-Eldin has exaggerated the extent of underemployment on small farms (below 5 feddans). This may be due to the small figure of the agricultural labor force which he uses as the basis of his calculations. In his Table 2, he establishes the number of the agricultural labor force for the years 1960 to 1970 to be 4,406,000 and 4,464,000 respectively, whereas the figure he uses to establish the density of the labor force on the land is 3,839,900. The data he uses to analyze labor density supposedly come from the Agricultural Census of 1961, which gives a figure of 6,600,000 agricultural labor force, including unpaid family workers. Leaving out the latter group, the figure would then be 4,061,792, still higher than the one Mohie-Eldin adopts. This factor makes quite a difference in the results of his analysis, and affects his conclusions. For instance, when the total agricultural labor figure is taken into account, workers on farms of less than 5 feddans turn out to constitute 64.5 percent of the agricultural labor force, not 73 percent. Moreover, Mohie-Eldin overlooks the fact that about 200,000 feddans listed in the Census as holdings of over 20 feddans are publicly owned, not

¹ Mohie-Eldin, ibid.

² Ibid., p. 116.

TABLE 13

Density of the Labor Force by Size of Farm, 1961

Size of Farm	Workers/Feddan	Feddans/Worker
2	2.7	0.4
2 - 5	1.4	0.7
5 - 20	0.8	1.2
20	0.4	2.5

Source: Based on data in the Fourth Agricultural Census.

TABLE 14

The Distribution Ratio of Workers on Each Size Farm, 1961

Farm Size	Farm Operators	Unpaid Family Workers	Permanent Wage Laborers	Casual Laborers	Total
1	50.2	40.3	2.0	7.5	100.0
1 - 2	35.2	46.2	3.2	15.4	100.0
2 - 5	24.0	44.0	6.0	26.0	100.0
5 - 20	14.3	36.3	14.0	35.4	100.0
20	4.1	11.1	26.3	58.5	100.0

Source: Based on data in the Fourth Agricultural Census.

managed by individual farmers, and therefore not subject to the same treatment as capitalist farms.

By using the data from the 1961 Census for analysis of labor density on the land, we reach the following conclusions. First, it is clear that the density of workers in general per feddan on small farms is higher than on large estates, but nowhere near as high as in Mohie-Eldin's conclusions.¹ It comes to 1.8 for farms under 5 feddans, and constitutes 4.5 times the density on the largest estates (Table 13). This compares with 11 times in Mohie-Eldin's analysis. It is important further to note that the greatest labor density is to be found in the very small farms of less than 2 feddans, not in those between 2 and 5 feddans. On the farms less than 2 feddans, density comes to 2.7 workers per feddan, and is 6.8 times what it is in the largest estates (less if we leave out publicly operated lands). The larger farms of 2 to 5 feddans have a density of 1.4 workers per feddan, or 3.5 times the density in the largest estate.

Mohie-Eldin argues that the burden of absorbing superfluous labor falls on the small farmers, that is, operators of less than 5 feddans. Our calculations show that it is the operators of less than 2 feddans that bear the brunt of the employment burden and to a lesser extent the operators of 2 to 5 feddans. As we have already seen, intensity on the 2 to 5 feddan farms is not sufficiently high.

Further examination, moreover, reveals that the farms less than one feddan are almost entirely (90 percent) cultivated by the head of the household and his family members (Table 14). This means that every household head has about two other members of his family helping him; 66 percent of them are males and females under 18 years of age. Adult males and females who could be independently working on their own come to 118,225.

¹ See Table 15 below for total number of workers and distribution breakdown.

Table 15

Distribution of the Agricultural Labor Force
by Type of Worker and Farm Size, 1961

Size of Farm (Paddans)	Farm Operators Working On Own Farm	Unpaid Family Workers	Permanent Wage Laborers	Casual Laborers	Total
< 2	809,910	844,421	51,621	231,079	1,937,031
2 - 45	547,331	1,000,323	126,664	602,431	2,276,749
5 - 420	221,519	563,443	217,277	549,219	1,551,458
≥ 20	32,849	88,785	210,116	467,785	799,535
Total	1,611,609	2,546,490	599,669	1,850,514	6,608,282
Percent	24.	38.5	9.1	28.0	100.0

Source: Fourth Agricultural Census of 1961.

While small farmers of less than 5 feddans primarily employ their family members, larger farmers employ increasingly more permanent and casual labor (see Table 14 and 15). Indeed, the operators of less than 2 feddan farms employ hardly any permanent wage laborers. As Table 14 clearly shows, the smaller the farm size, the greater the percentage of family workers and the smaller the hired labor and vice versa. Farm operators of less than 2 feddans and members of their families constitute 85 percent of the labor. Other workers on these small farms constitute 15 percent (3 percent permanent and 12 percent casual and temporary workers). However, since family labor in the fields is generally considered not to exceed one-third the time spent by regular wage workers, the estimate of the density of labor on smaller farms should be a little less than we have already stated.

We may, therefore, conclude that small cultivators are engaged in cash-saving techniques through the use of occasional labor made up of family members, especially during peak seasons. It may well be an academic question whether this form of production is capitalistic or household. It is more important to remember that all Egyptian farmers, the very small and the very large, produce cash crops mostly for a cash market tied to national and international trade. A small portion only of unpaid family workers are available for the wage labor market, since they are mostly children of both sexes and their services in the fields are required only during peak seasons. The participation of women in field work is not likely to increase unless the countryside becomes impoverished. Peasants protect their women and seclude them as they move up the socioeconomic ladder.

The two sub-sector theory of the agricultural economy seems not be very applicable or significant in Egypt. There is certainly a degree of

underemployment in agriculture, and more of it in the smaller farms in view of the greater density of workers, even if not yet adequately or appropriately measured. As we have noted, however, the labor density on small farms is not constituted of wage laborers but rather of family workers, many of whom are not available for the wage labor market.

A second conclusion is that when unpaid family and casual laborers are accounted for, it becomes clear that agricultural labor is more intensive than has been shown by Mohie-Eldin. Labor intensity, however, has not been marked by extremes on the top and lower levels (see Table 13), and therefore the gap is not wide enough to justify a two sub-sector theory in agriculture, one sub-sector with excessive underemployment and with labor saving.

A third conclusion is that agricultural labor has indeed increased in numbers and not remained constant. To show this, we shall consider various developments in agriculture in the light of points already established in this report.

The detailed information provided by the Agricultural Census of 1961 is not matched in any way by recent data made available by official sources. The data for the contemporary period are more general, and do not allow us to make parallel comparisons. However, the detailed account we have obtained for land distribution in 1976 (Table 4), plus our findings on labor intensity per feddan, will enable us to reach a conclusion regarding the number of workers on the land and ipso facto the growth in the agricultural labor force.

Fragmentation of Land and Labor Demand

The major finding in the latest figures on land distribution in Egypt is an increase in the number of small farm holdings and an expansion of the land area under their control. Since smaller farms are more labor

intensive, we expect the number of farm workers to increase accordingly. A short resumé here of the expansion of small farms gives an idea of the major changes in the agricultural labor force.

The number of small farm operators holding less than 5 feddans rose to 2,637,200 in 1976 from a base of 1,381,200 in 1961, an increase of 1,256,000 small holdings. This was matched by an increase in the cultivated area under their control to 3,948,000 feddans, an increase of 1,593,600 feddans.

The major implication of this increase in the number of small holdings is that more farm labor, not less, will be engaged in agricultural labor force shown in official statistics. We noted earlier that small farms of less than 5 feddans are more labor-intensive than larger ones, and with the increase in the number of holdings of this size, we expect the labor force on these farms to be much larger than it was in 1961. It may be recalled that the density of labor per feddan on the less than 5 feddan farms was 4.5 times that it was on the largest one of over 20 feddans, and this should mean that the increase in the number of workers has gone up considerably since 1961. If every feddan of land that was lost to the larger estates has now only two more workers employed on it, then as many as 3.4 million casual workers have been added to the agricultural labor force.

However, the kind of worker that has joined the labor force during this transformation is not so much the permanent worker, but mostly the unpaid family worker and the farm operator managing his own farm. Small operators (of less than 3 feddans) have increased by 1,177,500 farmers. Among farmers, these are the least likely to hire permanent wage laborers. In 1961, farmers in this category hired only 97,490 casual workers, or 6.8 percent. Thus, we expect the new farmers to hire very few permanent

wage laborers and a few more casual workers. Thus, land reform has not only increased the number of farmers but affected the size and kind of employment on the land.

Fragmentation of landholdings has contributed to more labor involvement in agriculture in another way. We have already seen that fragmentation increased the number of unpaid family workers and casual laborers in the fields, but it has also contributed to greater work hours in animal husbandry. When a peasant acquires or rents a piece of land, no matter how small, his first tendency is to buy a cow or a gamousa (water buffalo). Informants have confirmed this tendency and noted the increasing number of farmers raising livestock. Further evidence of the increase is the phenomenal increase in the prices paid for animal fodder such as bersim. At any rate, since animals are mostly the responsibility of female and child workers of the household, more peasant families may be putting in more work hours in productive activities than before.

In effect, the current demand for agricultural laborers is not only due to rural outmigration, but also to the changes in the nature of agricultural production and access to the land in the seventies. By employing their women and children on their own farms, and by increasing their own work output on their farms, small operators have drained the labor pool available in peak seasons and pushed labor wages up. To replace them, other farmers have to try to hire workers in the regular labor force at much higher wages, who are often unavailable.

Another factor that could have contributed to the shortage of agricultural labor is the increase in school enrollments in primary and intermediate education. Primary education in Egypt has been increasing at a rate of over 3 percent annually, while the increase in intermediate education in the years 1972/73 to 1976/77 has increased at 11 percent annually.

We do not have separate figures for the rural sector, but should assume that the increase has been across the board.

An additional factor that may have contributed to the shortage of agricultural labor is the recent trend among wage laborers to work shorter hours, often not more than 5 hours a day. This development may be described as a concomitant cause and effect of labor shortage and higher wages. Since there is a labor shortage, workers in the field could make demands for shorter hours, and when they work shorter hours they generate the need for more workers.

Since unpaid family workers make such a difference in the conditions of labor and wages in agriculture, it is in order here to try to learn more about them. Most unpaid family work is performed by women and children, and in 1961 this amounted to 65 percent of unpaid family workers. Female workers have the tendency to drop out of the ranks of field workers as they reach the age of 20. This is particularly true among those who work for wages. The question of women's participation on the labor force is controversial. According to the Population Census of 1960, female workers of the rural population constituted 3.3 percent of the rural labor force and 5 percent in the wage labor market. According to INP, the proportion of women who work for the family comes to 82 percent of all women workers;¹ the rest work for wages. Based on CAPMAS data for 1971, women in the labor force were 212,300, or 4.7 percent of the agricultural labor force, and in 1975 constituted 173,500 workers, or 3.3 percent.² Again, this seems to be an obvious underestimate.

Hansen has shown that women work in agriculture one-third of an

¹ INP, RREP, Utilization, Table 11, p. 40.

² CAPMAS, Labor Force by Sample, 1970 and 1975.

eight-hour day, and children about half that time. Most of the work women do is in animal husbandry (63 percent), not in the fields (19 percent). Children work half the time of adult men and put in less time in the field but more time in animal husbandry (see Table 11). Hansen, of course, finds very little underemployment in the countryside for men.¹ He also contends that women and children work very long hours in total. In view of the fact that more peasants own livestock in the seventies, woman and child labor contributed in the household economy should be greater.

What Hansen shows regarding the large proportion of time spent by women and children in animal husbandry and processing of farm products makes it difficult to gauge agricultural household income in terms of wages alone. This is in part true also of men who seem to work in diverse activities in addition to field work.

In summary, we have seen that the agricultural labor force is much more differentiated than is the general view and that the nature of agricultural production encourages the development of secondary occupations, mostly related to agriculture. We have also noted that the household as a productive economic unit has gained new momentum rather than becoming obsolete due to new developments in agriculture. More females and children are now involved in productive work through family enterprises. The fragmentation of landholdings has reinforced the household-type mode of production and absorbed large numbers of unpaid family workers who used to be available for hire during peak seasons. The demand for labor in the household enterprise has contributed to draining the pool of available workers for hire elsewhere, thus pushing wages up. Wages have also been affected by rural out-migration into the cities and other Middle

¹ Hansen, *op. cit.*, p. 300. For differences between Hansen and Mohie-Eldin on this subject, see Mabro, *op. cit.*, 194-195.

Eastern countries. The construction industry in Egypt, both in the cities and in the countryside, has also attracted much of the rural labor force out of the agricultural sector.

Conclusion

It is clear that the socio-economic condition of rural population in Egypt is part of a larger picture in so far as it is related to the international markets for agricultural products and for labor. While agriculture is still the main source of wealth and employment in the countryside, it is no longer the only one. Thus, it was necessary, in order to understand the main factors behind income and social stratification in rural Egypt, to examine in addition to land distribution the labor force in all its diversity. The national labor picture which we discussed showed that the national labor market is saturated with skilled and unskilled workers and that unemployment is greater than it is in the countryside. Underemployment is a characteristic of both sectors, urban and rural. However, we noted some changes as of 1975 when more jobs, especially in construction, are opening up for the rural population in cities and overseas. These opportunities have eased somewhat the labor situation and have contributed through remittances to the welfare of villagers. It was also made clear that agriculture can absorb very little more labor and other outlets will have to be found for the new entrants in the labor market.

We have also learned from this chapter on the rural labor force that those who are employed or find a living on the land have increased considerably in the last decade. This means that the land has been supporting more people while the land area has not increased. The decline in incomes that would be expected to result from this phenomenon has been somewhat

offset by the development of additional economic activities based on land such as livestock and by the improvement in prices of some agricultural products.

The absorption of large numbers of workers, we have found, was the result of the distributive trend in land holdings which was in turn the function of progressive measures of land reform and of inheritance laws. Naturally, the number of farmers increased with the increase in the number of small farms. New operators engaged members of their households in cultivation and related activities in what has become a pattern in Egyptian agriculture--labor intensive farming. Increase in labor intensity, to be sure, means more widespread underemployment. In any case, fragmentation in the Egyptian context has strengthened the household system of farming.

It is generally the case that with modernization of agriculture and agrarian reforms, the management of farms changes from household to business management. This is not the case in most of the farms of Egypt. Land reform in its complex character as a package, not simply as a matter of land distribution, has contributed to the strengthening of the household economy in farming. It was also thanks to the comprehensive nature of land reform that productivity of the land did not decline with the increase in fragmentation. It seems that these developments contributed to absorbing more of the rapidly increasing rural population at a time when the land was not expanding and have forestalled, at least for a while, a serious crisis which could result from the pressure of the population on the land.

Chapter IV

STRATIFICATION BY INCOME *

Rural society, as we have already seen, is sufficiently diverse that internal differences may be more pronounced than the general differences with urban society. In terms of access to land, only about half the rural labor force are farm operators and those are differentiated in turn by the size of their holdings. Nearly 2.3 million farm operators with holdings under 3 feddans manage about 46 percent of the cultivation area, whereas they constitute about 80 percent of landholders. Eighteen percent of the land is still managed by 2.3 percent of operators in farms of 10 feddans or more.

When the rural population is considered in terms of income distributions, sharp variations appear; but more striking is the large proportion of people living at or below subsistence. The income of head of a household, it seems, is affected by whether he has a secondary occupation or not, as we observe a clear correlation between income and occupation. However, in some occupations such as trade, internal differences are very broad, as between a peddler who makes 50 pounds or less a year and a livestock merchant who makes thousands. Similarly, farm operators are separated by a wide gap between the rich and the poor, the managers of less than one feddan and the managers of 50. An effort to determine income levels taking these differences into consideration is therefore necessary.

The two main sources of income distribution data in Egypt are provided by CAPMAS, the first in household expenditures and the second in straight

* Co-authored with Susan Randolph

income figures.¹ The expenditure data have been collected once a decade since the fifties, and the latest describe the situation in 1974/75. The straight income data are for the same year, 1975, and are based on a sample survey of the labor force.

The 1974/75 Household Budget Survey collected information on the consumption patterns and expenditures of 12,000 household, 4,004 of which were rural. The survey was stratified into separate rural and urban samples. The rural sample size for each round was approximately 1,000 households distributed throughout rural Egypt. Data were collected monthly on the value of regularly consumed items (food, beverages, fuel, electricity, clothes, etc.). Expenditures on consumer durables and social services were collected for a one-year period ending the third month of each round.

In addition to the consumption information, the survey collected information on household size, age, sex and employment characteristics. The survey enables us to estimate the number of rural poor households and individuals in Egypt for the year 1974/75. It also serves as a basis to draw a profile of the rural poor showing household size, age, sex structure and the dependency rate. The results of the analysis presented in the following pages refer to the combined four round rural sample, unless otherwise indicated.

The Poor in Rural Egypt

In order to determine the number of "poor" individuals and "poor" households in rural Egypt, it is necessary to construct a poverty line. Samir Radwan attempted the construction of a poverty line for Egypt based

¹ CAPMAS, Bahth Mizaniyat al Usrah, 1974/75; and Labor Force by Sample, 1975 (in Arabic).

on the preliminary results of the 1974/75 Household Budget Surveys.¹ He constructed the index on two stages. First, using the FAO calculation of the quantities of various foods that can meet the energy requirements of an "average Egyptian," he calculated a least-cost diet. Assuming the average family size to be five, he calculated that LE 175 was necessary to meet the nutritional requirements of a household for one year. Second, using the preliminary results of the 1974/75 Household Budget Survey, he found the household expenditures on non-food items of these households whose actual expenditures on food were nearest to LE 175 and added this to LE 175. His resulting poverty line is LE 270 for the "average Egyptian family" of five. Thus minimum cost of living for every rural individual was estimated at LE 54 per year, LE 35 of which go for food.

The number of poor rural individuals was determined in the Radwan study by taking the percentage of individuals surveyed living in households spending less than LE 270 and multiplying this by the total rural population. The number of poor rural households was found by taking the percentage of households surveyed with expenditures less than LE 270 and multiplying it by one fifth of the total population. The implicit assumptions in this calculation were that the average rural household size was five, and that all rural households with expenditures below LE 270 have at least five members, or suffer from diseconomies of small household size to such an extent that they are poor even if they have fewer than five members. On the basis of these calculations he found that 44 percent of rural households were poor and that there were 5,832,400 poor rural individuals in 1974/75.

Radwan states that his consumption expenditures poverty line is somewhat arbitrary for the following reasons:

¹ Radwan, Samir, Agriarian Reform and Rural Poverty: Egypt, 1952-1975. International Labor Office, Eeneva, 1977, pp. 40-50.

1. It is not clear how the nutritional requirements for the "average Egyptian" were calculated. Furthermore, they were based on 1958/59 consumption norm estimates.
2. Age, sex and activity level were not taken into account when determining nutritional requirements.
3. Household economies of scale were not fully taken into account.
4. The assumed family size of five may bias the estimates.

We are not in a position to question the method or validity of Radwan's poverty line, though we may add another note of caution to the ones he has already suggested himself. Rural household expenditure and incomes are very difficult to gauge since there is no perfect cash market in rural Egypt.

Other observations regarding this point may also apply to the process of transforming expenditure data to income such as carried out in a recent analysis by the World Bank. None of these analysts included free services received by villagers, such as health, education and economic subsidies as part of income. Excluded also were revenues from livestock and business expenses incurred by farmers as part of total income of a rural household. Consequently, most estimates of income based on expenditure including those of the World Bank, are lower than the real income. It should be noted that the transformation of the expenditure figures by the World Bank to income was done by adjusting for savings and taxes only.

It is not possible given the time frame of this study to make new estimates which take into account all of these refinements. We are able, however, to make an alternative estimate which takes into account household size differences. Second, instead of assuming the rural household size to be the same as the national average family size, we can use the average rural family size calculated on the basis of data in the household budget survey to estimate the number of rural households. Finally,

the final results of all four rounds of the 1974/75 Household Budget Survey can now be used, while Radwan had only the results of the first round available for his calculations. The use of all four rounds enables us to take account of seasonal changes in poverty and gives us a larger sample size upon which to base our calculations.

We shall define our poverty line on the basis of per capita household expenditures in order to adjust for differences in family size. A drawback of this definition is that it implicitly assumes no household economies of scale. However, we shall rely in this analysis on the 1974/75 Household Budget Survey cross-tabulations of per capita expenditures by household size.¹ The cross-tabulations available to us look at per capita expenditure in minimum intervals of LE 10. We are constrained, therefore, to adjust our per capita poverty line to either LE 50 or LE 60. Radwan's household poverty line translates to LE 54 per capita per year. We will use LE 50 per year as the expenditure level required to meet the minimum consumption needs of an "average Egyptian," to be conservative.

The percentage of poor rural individuals found in each round of the survey as well as the percentage over the combined four round sample is shown below (Table 16). Over nine million individuals living in rural areas are poor, which is 44 percent of the rural population.

From the same cross-tabulation tables we can also estimate the number of poor rural households. The total number of rural households is 3,661,000, and is reached by dividing the number of rural individuals by 5.69, the average size of rural households found in the 1974/75 Household Budget

¹ Alternatively we could use the cross-tabulation of household expenditure intervals by family size. We cross-checked these and found the results identical.

Table 16

Poor Rural Individuals on the Basis of Household Budget Data

Round	Percentage of Individuals with Expenditures below LE 50 Per Year ^a	Number of Poor Individuals ^{b, c}
First	49	10,207,000
Second	46	9,582,000
Third	45	9,373,000
Fourth	36	7,499,000
Combined	44	9,182,000

^a Rounded to the nearest percent.

^b Rounded to the nearest thousand.

^c Rural population figure used is 20,830,000 from Fadwan, Agrarian Reform and Rural Poverty: Egypt, 1952-1975, p. 46.

Survey. The percentage of poor rural households found in each round of the survey as well as the percentage over the combined four round sample are shown below (Table 17). The number of poor households is 1.4 million or 39 percent of all rural households.

Table 17

Poor Rural Households on the Basis of Household Budget Data

Round	Percentage of Households with Per Capita Expenditures below LE 50 Per Year	Number of Poor Households
First	45	1,647,000
Second	41	1,501,000
Third	38	1,391,000
Fourth	32	1,172,000
Combined	39	1,435,500

The estimate of the number of rural poor households varies, in percentage terms, only slightly from Radwan's when family size is taken into account. Our estimate of the number of rural households below the poverty line is lower not only due to the percentage differences in our estimates, but also because the total number of rural households we used in our calculations was 3,661,000, whereas Radwan took the number of rural households to be 4,166,000. The difference in the percentage of rural poor individuals is drastic depending upon whether the effects of family size are taken into account. Our results and Radwan's results are compared in Table 18.

The higher percentage and number of rural poor individuals compared to rural households indicates that poor families are larger on the average than non-poor families--a hypothesis we shall substantiate in subsequent sections of this paper.

Table 18

Comparison of Estimates of the Number of Rural Poor Households
and Rural Poor Individuals

Indicator	Radwan's Estimate	Our Estimate for Combined Sample
Percent of rural households below poverty line	44	39
Number of households below poverty line	1,833,000	1,435,500
Percent of rural population below poverty line	28	44
Number of individuals below poverty line	5,832,400	9,182,100
Per capita poverty line used	LE 54	LE 50

Note: in our estimate the percentages are rounded to the nearest percent and the number of households and individuals are rounded to the nearest hundred.

TABLE 19

Household Income by Interval and Region, 1975

Annual Income	50	50-	75-	100-	150-	200-	250-	300-	350-	400-	500-	600-	800-	1000-	1400-	2000+	Total	
Lower Egypt and Delta	N	56	86	202	451	694	691	570	539	336	326	174	137	65	34	9	20	4390
	Z	1.3	2.0	4.6	10.2	15.8	15.7	12.9	12.2	7.6	7.4	3.9	3.1	1.5	0.7	0.2	0.4	100
Upper Egypt	N	137	160	312	670	947	794	489	424	306	237	144	93	38	26	9	16	4802
	Z	2.8	3.3	6.5	14.0	19.7	16.5	10.0	8.8	6.4	4.9	2.9	19.4	0.8	0.5	0.2	0.3	100
Total	N	193	246	514	1127	1641	1485	1059	963	642	563	318	230	103	60	18	36	9192
	Z	2.1	2.7	5.6	12.2	17.8	16.2	12.0	10.5	6.9	6.1	3.5	2.5	1.1	0.7	0.2	0.4	100

Source: Based on CAPMAS, Labor Force by Sample, 1975.

Table 20
Distribution of Rural Households According to Per Capita Annual Consumption Expenditures

Expenditure Bracket (LE)	Average Household Expenditures ¹	Average Per Capita Expenditures ¹	Total Annual Expenditures ¹	Cumulative Percentage Expenditures ²	Cumulative Percentage Households ²	Cumulative Percentage Individuals	Cumulative Inferred No. Households ^{3,4}	Cumulative Inferred No. Individuals ^{3,4}
< 20	LE 89	LE 13	LE 4,632	0.3	1.3	1.5	47,500	317,400
20 - 29.9	173	26	39,552	3.1	7.0	8.1	256,900	1,691,200
30 - 39.9	231	35	133,974	12.4	21.5	24.7	788,200	5,153,100
40 - 49.9	278	45	196,972	26.2	39.2	44.1	1,435,500	9,182,100
50 - 59.9	311	55	192,417	39.6	54.6	59.5	2,000,600	12,396,100
60 - 79.9	379	69	320,821	61.9	75.8	79.9	2,775,000	16,639,100
80 - 99.9	458	89	183,986	74.8	85.8	89.0	3,142,600	18,535,200
100 - 149.0	557	118	211,619	89.5	95.3	96.8	3,490,000	20,172,400
150 - 199.9	703	164	78,084	95.0	98.1	98.9	3,591,500	20,607,700
200 - 249.9	707	212	27,588	96.9	99.1	99.5	3,627,200	20,726,600
250 - 299.9	1001	283	13,010	97.8	99.4	99.7	3,639,100	20,768,700
300 or more	1322	473	31,723	100.0	100.0	100.0	3,661,000	20,830,000
All Groups	358	63	1,434,378	100.0	100.0	100.0	3,661,000	20,830,000

¹ Rounded to the nearest Egyptian Pound.

² Rounded to the nearest 10th percent.

³ Rounded to the nearest hundred.

⁴ Total number individuals taken as 20,830,000 from Seduan, *Agrarian Reform and Rural Poverty: Egypt 1952-1975*, International Labor Organization, printed 1977, page 46. The total number of families was found by dividing the total number of individuals by 5.69, the overall budget survey calculated average rural family size.

Analysis of the latest income data released by CAPMAS for the 1975 labor force shows that 56 percent of rural households live below the 250 LE annual income level (Table 19). Regionally, poverty occurs in greater frequency in Upper than Lower Egypt. The poor in Upper Egypt constitute 62.8 percent of rural households whereas in Lower Egypt they make 49.6 percent (Table 19). The provinces with the largest proportion of the poor are Aswan, Qena, Beni Suef, and Minia in the order listed. In Lower Egypt, Dakhalia, Minufiya and Domiat¹ are found to be among the poorest.

The CAPMAS income data are not broken down in rural-urban or family size terms, and we thus cannot determine the per capita income. The Household Expenditure results are, of course, not comparable with the household income data of the labor force, coming from different base data. However, both sources confirm the fact of widespread poverty in the countryside.

As the expenditure distribution data show (Table 20), the poor themselves are divided into the extremely poor and the basically poor. Those terms can be quite vague and subjective. To avoid the pitfalls of misunderstanding, we shall refer to the extremely poor as those whose total per capita expenditure annually is below the minimum required for food alone. The implication is that this group of people are under-fed, under-clothed and ipso facto in ill health. The basically poor are those who can afford more than they need for food alone. It is to be remembered also that both groups, the extremely and the basically poor, live under the accepted subsistence level.

Radwan estimates the minimum sum required for food alone to be LE 35 annually for a single person. Accordingly, individuals in rural Egypt whose

¹ The higher frequency of poverty for Domiat is registered in the ORDEV Survey, not the CAPMAS Expenditure data.

Table 21
Regular Pensions to Needy Families in Egypt, 1975

	Orphans	Widows and Divorced	Totally Disabled	The Elderly	Total
Number of Households	6,389	25,961	19,843	59,528	111,721
Percent of Households	5.7	23.2	17.8	53.3	100.0
Total Value of Pensions	106,640	544,961	389,197	1,047,244	2,087,218
Percent of Pensions	5.1	26.10	18.6	50.2	100.0
Average Payment	16.7 LE	21 LE	19.6 LE	17.5 LE	18.7 LE

Source: Arab Republic of Egypt, Ministry of Social Affairs, Mufakirat al Ihsa'at al Ijtima'iyah, 1974, 1975, Cairo, 1978.

total per capita expenditure is less than LE 35 annually are extremely poor. The interpolated proportion of individuals whose annual income is below LE 35 is 16 percent, or 3,332,800 individuals.¹ Thus, the number of extremely poor individuals by this reckoning is very large.

Poverty in urban slums seems to be just as serious to judge from results of a study of Boulaq al Dakrour, in Giza. As many as 94 percent of the household in Boulaq have an annual income of less than 175 pounds.² This, of course, suggests that urban and rural poverty may be comparable.

The extremely poor are cared for by the Ministry of Social Affairs which provides pensions and relief aid to orphans, widows, divorced women, the disabled, the elderly, the sick and families of jailed individuals, as well as families of conscripted soldiers. The basic two forms of aid are (a) pensions which are dispensed on a regular basis for life or until the state of complete dependency is ended and (b) subsidies which are paid on a temporary basis for people in a financial distress situation. Presumably, most individuals on the aid list have some income of their own but very meager. The average pension in 1975 nationally was 18.7 pounds (see Table 21) and it went up to 22 in 1976;³ to judge from data in one province, it has become 45 pounds in 1978. The Ministry lists its recipients as households, though it is clear from the cases that some are and some are not. Widows, for instance, are not necessarily heads of families nor are single mature women without another source of income. Nationally, the number of pensions for 1976 was 111,721 so-called households. If we,

¹ This comes to 512,540 households, or 14 percent of all households.

² Egypt, Governorate of Giza Province, Urban Development Section, A Report on Boulaq al Dakrour (Arabic, mimeo.), 1972.

³ Arab Republic of Egypt, Ministry of Social Affairs, Wizarat al Shu'un al Ijtima'iyah: 1975/1976, Cairo, n.d.

consider half of them are rural,¹ then those on pensions would constitute 1.5 percent of the population. In 1975, most pensions were paid to the elderly, 53.3 percent of all cases (Table 21). The number of people wanting pensions and on the waiting list are estimated at nearly the same number as those already receiving aid.

Fewer people were receiving subsidies, i.e., temporary aid, in 1975. They were 47,625 so-called households, and received 969,792 pounds in aid, an average of 20.4 pounds (see Table 22). Aid to families of enlisted soldiers is not included here.

By this reckoning, the Ministry of Social Affairs covers by pensions all those whose annual income is 20 pounds or less (see Table 20). This would leave those in the 21 to 35 income bracket unsupported by government relief action.

The proportion of the rural population below the subsistence level established by the data we have used is very large by all accounts. In the ORDEV survey of 1974/75 also most villagers fall below the poverty line set by Radwan and accepted in this study. All this should suggest one of two things. First, that the Radwan poverty line is for some reason quite high, for it is not conceivable that about half of the rural population are unable to meet their subsistence levels. The second possibility is that the income data on which we base our results do not represent the full picture. Gauging family income accurately requires in-depth field work, which is not in the frame of this study.

Informal observation and the fact of rising prices for many crops in the seventies do not suggest a widespread deterioration in the rural standards of living. Official statistics show a rise in the value of

¹ Rural population was 60 percent but rural pensions were smaller. Now urban and rural pensions are equal in value.

TABLE 22

Occasional Subsidies to Needy Families in Egypt, 1975

Monthly Subsidy	
Number of Households	23,346
Total Value	446,071
Average Subsidy	19.1
Combined Subsidies	
Number of Households	199
Total Value	3,928
Average Subsidy	19.7
Only One Payment	
Number of Households	9,069
Total Value	129,537
Average Subsidy	14.3
Relief	
Number of Households	15,011
Total Value	390,256
Average Subsidy	25.9
Total Households	47,625
Total Value	969,792
Average Subsidy	20.4

Source: Arab Republic of Egypt, Ministry of Social Affairs, Mufakirat al Ihsa'at al Ijtima'iyah, 1974, 1975, Cairo, 1978.

agricultural produce rose by 91 percent and income from agriculture by 90 percent.¹

Agricultural wages rose during the same period by 106 percent, although the number of those working in agriculture as accounted for in these official statistics did not increase by more than one percent

¹ These data are based on CAPMAS, Yearbook, 1976 (Arabic).

annually. Based on these data, the average annual wages in agricultural occupations rose from 54 pounds per capita in 1970 to 106 pounds in 1975. Naturally, the rate of inflation has to be taken into account too, and Radwan puts it at 80 percent during the same period.¹ This is still below the average increase in agricultural wages and prices of produce. At any rate, the balance does not suggest dire worsening of economic conditions.

Moreover, there is evidence that those who manage land, even the smallest plots, make more than usually is considered to be the case. In recent years, the price of some produce, such as bersim, has gone up considerably, and a feddan planted with bersim is believed to yield more than 120 pounds net in six months, the growing period for this crop. Another indicator of the rise in the value of agricultural produce recently is the phenomenal rise in the price of agricultural land after 1975. Income from livestock too is usually poorly assessed and often overlooked by surveys and studies of rural household economies. Informal observation indicates that it is fairly high. In view of the observation made earlier that more farmers (those recently acquiring land) raise livestock now, their incomes should be better than seems to be the case. To all this should be added remittances from expatriate laborers. The value of these remittances in the countryside is not known, but the value of all remittances from Egyptian expatriates in 1978 reached one billion dollars, according to Finance Ministry sources. These various adjustments could reduce the number and proportion of rural households to be characterized as "poor".

¹ Radwan, op. cit., p. 27.

Differences in Rural Income

As has already been observed, there are marked differences in the distribution of income despite great strides made by agrarian reforms toward reducing inequality. The Gini coefficient in 1975 was 0.39, which suggests considerable equality but not as much as could be expected. In terms of trends, there has been a tendency toward greater inequality since 1964/65, when the Gini coefficient was 0.35, the lowest it has ever been.¹ However, we have no record of the Gini coefficient for the 1970's.

The gap in rural incomes may be seen from a different angle. The share of the poor households (39 percent of all rural households by our reckoning) is 26 percent of rural expenditure; while the share of the remaining 61 percent of the households is 74 percent. The average per capita household expenditure level for the well-off is LE 83 annually, compared to LE 37 for the poor group. The complete distribution of expenditures by annual per capita expenditure bracket is shown in Table 20. The same table shows by expenditure bracket the average household expenditures, the average per capita household expenditures, the total LE expenditures and the number of households and individuals in each expenditure bracket.

The most striking feature about the widening gap in incomes since 1964 is that it is at variance with the distributive trend in access to land resources. This could be explained in part by the fragmentation tendency which created some 690,000 additional near-landless farmers with less than one feddan each, and some 487,400 more in the group managing 1 to 3 feddans. In contrast, income of medium-to-large size

¹ See World Bank Report, op. cit., and Radwan, op. cit., p. 47.

farms may have increased on the average with the increasing shift among members of this group toward cultivation of vegetables and fruits.

Profile of the Rural Poor

The 1974/75 Household Budget Survey permits us to draw a profile of the rural poor based on the demographic characteristics of household size, sex and age, and the economic characteristic of dependency rate. These data reveal that the poor rural households are larger and have more children on the average than households which are not poor. At the same time, we find that there are poor households of all sizes, indicating that poverty can in no way be considered a function of household size alone.

The ratio of prime aged (age 20 to 60) females to males is slightly higher (1.17 vs. 1.11) for poor households than for non-poor households, suggesting that poor households are more likely to be female headed. The dependency rate (the number of individuals divided by the number of income earners) is higher for poor households, but this appears to be the result of family age structure rather than evidence of unemployment of the poor. When the dependency rate is adjusted for age structure (actual number of earners divided by the number of prime aged individuals) there is little difference between poor households and households which are not poor. This implies that the problem of rural poverty is not one of unemployment, but rather of underemployment and low wages.

The average size of poor rural households, those with household per capita expenditure of less than LE 50, is 6.4 individuals, while the average size of the non-poor rural households is 5.2 individuals. This

result is based on a household per capita poverty line.¹ Table 23 breaks this down by smaller household per capita expenditure intervals and shows a positive relationship between poverty and average household size.

TABLE 23

Household Size by Per Capita Household Expenditures

Expenditure Bracket (LE/yr.)	Average Household Size	Expenditure Bracket (LE/yr.)	Average Household Size
L 20	6.67	80 - 99.9	5.16
20 - 29.9	6.56	100 - 149.9	4.71
30 - 39.9	6.51	150 - 199.9	4.29
40 - 49.9	6.22	200 - 249.9	3.33
50 - 59.9	5.69	250 - 299.9	3.54
60 - 69.9	5.48	300 or more	2.79

To summarize, although poor households are larger on the average, this is not to say that all poor households are large. There are poor

¹ A household per capita poverty line is a household poverty line that varies with the number of members in the household. The household per capita poverty line of LE 50 implies that a household with 3 members spends less than LE 150 to be classified as poor, one with 4 members spends less than LE 200 to be classified as poor and so on. The correlation between household size and poverty using this definition of poverty can be calculated directly from either the tables on pgs. 9 and 10 (CAPMAS) of each round results (Commodity Expenditures by Per Capita Expenditure Interval) or the tables on page 19 of each round results (Per Capita Expenditures by Household Size). Use of a household poverty line (one that does not vary with household size) to correlate household size with poverty (calculated directly from the tables on pages 5 and 6--Commodity Expenditures by Household Expenditure Interval of each round results) gives an incorrect estimate of the correlation between family size and poverty. For a fuller explanation of the issue, see Appendix A.

households of all sizes. What is true, however, is that a disproportionate percentage of large households are poor. Table 24 shows the incidence of poverty by household size. Given that the national incidence of rural household poverty is 89%, households with over five members exhibit a disproportionately high incidence of poverty.

TABLE 24

Incidence of Rural Poverty by Household Size

Household Size (No. Individuals)	Percentage Which Are Poor	Household Size (No. Individuals)	Percentage Which Are Poor
1	25	6	45
2	18	7	48
3	22	8	51
4	31	9	58
5	39	10+	47

Rural Poverty and Household Age Structure

Poor rural households have a lower proportion of prime aged members (members between the ages of 20 and 60) than other households. More than 42 percent of non-poor household members are in the prime age category, while only 36 percent of poor household members are in the prime age category. Table 25 examines the age structure of households which are poor and households which are not poor. Table 26 breaks this down further by household per capita expenditure interval. We find that the poor have a disproportionately large number of children and a disproportionately small number of adults including adults over 60.

TABLE 25

RURAL POVERTY AND HOUSEHOLD AGE STRUCTURE

Age Bracket	Percent of Poor in Age Bracket	Percent of Non-Poor in Age Bracket	Percent of Population in Age Bracket
Infants	1.4	1.0	1.2
1 - 4	12.0	9.3	10.5
5 - 9	17.6	12.6	14.8
10 - 19	27.4	26.3	26.8
20 - 39	19.9	23.0	21.7
40 - 59	16.2	19.5	18.0
60+	<u>5.6</u>	<u>8.2</u>	<u>7.0</u>
	100.0	100.0	100.0

Rural Poverty and the Dependency Rate: The Household Budget Survey cross-tabulated the number of income earners in a family with per capita household expenditure brackets. From this we can calculate the dependency rate (number of individuals divided by the number of income earners) by per capita household expenditure bracket. The average dependency rate of the poor (those with per capita household expenditures below LE 50) is 4.3, while that for the non-poor rural households is 3.6. Table 27 shows the dependency rate by per capita household expenditure bracket.

The trend is clear. The lower the per capita household expenditures, the higher the dependency rate--that is, workers in poor households must support more individuals. One is tempted to conclude that prime aged workers from poor households are more likely to be unemployed. However, since we found poor households had more children on the average, we need to adjust the dependency rate for the difference in age structure between poor households and households which are not poor.

TABLE 26

HOUSEHOLD AGE STRUCTURE BY PER CAPITA HOUSEHOLD EXPENDITURES CATEGORY

Expenditures Age Bracket Bracket LE/yr.	less than 20	20 - 29.9	30 - 39.9	40 - 49.9	50 - 59.9	60 - 79.9	80 - 99.9	100 - 149.9	150 - 199.9	200 - 249.9	250 - 299.9	300+	All Categories
Infants	0.3%	1.4%	1.5%	1.5%	1.1%	1.2%	1.0%	0.8%	0.4%	0.8%	0.0%	0.0%	1.2%
1 - 4	15.0	12.7	12.0	11.4	10.4	10.4	7.5	7.7	7.1	6.2	4.3	6.0	10.5
5 - 9	18.2	20.4	17.0	17.0	14.3	13.3	11.1	11.0	9.0	6.9	4.3	6.0	14.8
10 - 19	32.3	26.4	28.0	26.9	27.1	25.7	29.2	24.9	21.8	18.5	23.9	25.4	26.8
20 - 39	16.7	18.0	19.7	21.0	21.4	23.4	22.5	24.0	26.9	29.2	23.9	26.9	21.7
40 - 59	14.4	15.8	15.9	16.6	18.5	19.0	20.5	20.2	22.7	22.3	32.6	17.9	18.0
60+	3.2	5.2	5.9	5.6	7.1	7.0	8.1	11.3	12.0	16.2	10.9	17.9	7.0
All ages	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

TABLE 27

Dependency Rate (Ratio Earners to Individuals)
and Per Capita Household Expenditures

Expenditure Bracket (LE/Year)	Dependency Rate	Expenditure Bracket (LE/Year)	Dependency Rate
Less than 20	4.2	80 - 99.9	3.5
20 - 29.9	4.5	100 - 149.9	3.5
30 - 39.9	4.4	150 - 199.9	2.9
40 - 49.9	4.2	200 - 249.9	2.3
50 - 59.9	3.9	250 - 299.9	2.6
60 - 79.9	3.7	300 or more	1.9

We can consider prime aged household members (individuals between the ages of 20 and 60) as eligible income earners, and then divide the actual number of income earners by the number of eligible income earners, to figure some sort of an employment rate. The result of such an analysis shows that 64.2 percent of eligible poor household members are employed, compared to 65.2 percent of eligible non-poor household members. The figures are extremely close, leading us to believe there is little if any difference between employment rates of prime aged poor household members and prime aged members which are not poor.¹ Poverty in rural Egypt may not, therefore, be a problem of year-long unemployment, but rather of underemployment (a comparatively low number of days worked by income earners of poor households) and/or the low wages that earners from poor households are able to command.

¹ A word of caution: We cannot be certain that prime aged members of poor households are no more likely to be unemployed than those of non-poor households. Our calculation assumes that all actual income earners are in the 20 to 60 age bracket, but the data available to us do not allow us to check the accuracy of this assumption.

Income Groups and Occupation

The discussion on the distribution of income thus far may seem somewhat abstract. We shall try here to identify, as much as data permit, the social identity of each income group. To help us in this endeavor, we shall use primarily the results of a national survey of 116 villages conducted in 1974/75 by the Organization for Reconstruction and Development of Egyptian Villages (ORDEV). We shall see that there is a clear correlation between income and occupation, despite the variations in social conditions of members of an occupational group.¹

The first striking characteristic in the ORDEV data is the positive association between low income and the single income source. Four out of the five occupational groups who rank lowest in income have one occupation only and no other source of income. Those with a secondary occupation or source of income are invariably better off than the single occupation group. We shall discuss income, therefore, in terms of occupational categories and according to rank, starting with the poorest; but first it should be stated clearly that the data in the ORDEV study are based on declared estimates of expenditure by the interviewee.

The lowest income group as revealed by the survey is landless non-agriculturalists who are self-employed and whose source of income is not in the mainstream of income sources of rural people (Table 28). In other words, the income is not from land, manufacturing, livestock or salaries. The survey does not specify which are their sources of income, but it may well be surmised from village life conditions. They are quite likely to be tinkers, cleaners, water carriers, janitors, guards, persons hanging

¹ Figures in this survey include estimated cash consumption expenditure only. Subsistence income in kind is not accounted for. Therefore, all households with access to land are likely to be relatively better off than we show them to be.

TABLE 28
STRATIFICATION OF WELFARE BY SOURCE OF INCOME

SOURCE OF INCOME	POVERTY CRITERIA										
	Combined Index*		Average Expenditures, LE			% less than LE 100			% less than LE 300		
	Rank	Score	Rank	Average Expend.	Score	Rank	% < LE 100	Score	Rank	% < LE 300	Score
Other Sources Only	1	0.073	1	LE 138	0	1	54.4	0	2	87.4	.073
Agricultural Wage Labor Only	2	1.048	2	LE 151	.022	2	26.5	.513	1	93.7	0
Farm Operators of less than 1 feddan	3	1.542	3	LE 187	.081	4	17.2	.684	3	85.7	.093
Self-employed	4	1.740	6	LE 256	.194	3	18.5	.660	5	74.2	.226
Non-Agricultural Wage Labor	5	2.106	5	LE 244	.174	5	9.2	.831	6	70.4	.270
Farm Operators of 1 to 2.99 feddans	6	2.146	4	LE 238	.165	6	6.6	.879	4	74.5	.223
Farm Operators of 3 to 4.99 feddans	7	2.458	7	LE 291	.251	7	5.9	.892	7	57.2	.423
Farm Operators of 5 to 9.00 feddans	8	2.894	8	LE 377	.393	8	5.2	.904	8	34.0	.693
Farm Operators of 10 or more feddans	9	4.000	9	LE 748	1.000	9	0.0	1.000	9	7.5	1.000

Notes: The higher the rank the greater the welfare
The higher the index score the greater the welfare

Source: ORDEV survey of 116 villages

* Calculation of Indices: Each single poverty indicator is given a score from 0 to 1 by subtracting from the value of a particular source of income category the lowest value of any category. The result is then divided by the difference between the lowest value of any category and the highest value of any category. In the cases of the poverty measures percentage of households below LE 100 and percentage of households below LE 300, the values given each source of income category were in fact the percentage of households above LE 100 and above LE 300 respectively, so that a score of 0 still indicates the lowest welfare level and of 1 the highest for that particular indicator. To construct the combined poverty index, the score on percentage of households below LE 100 was multiplied by two and then added to the scores on each of the other poverty indicators.

around for odd jobs, and the handicapped who perform ritual functions. We must also include among them some of the unemployed who are often listed as not having had any previous occupations and no doubt count in their ranks the partially handicapped, widows and orphans. In all, they constitute 7 percent of the sample, and earn on the average 118 pounds annually per household. Although they are the lowest income group in this survey, their reported income is higher on the average than that of the lowest stratum of the extremely poor in the household budget survey (see Table 20). Nevertheless, their annual income is still way short of the level required to meet the cost of food alone, and therefore they should be considered extremely poor.

The second poorest group are agricultural wage laborers who have no other source of income or employment. They constitute 16 percent of the sample and have an average household income of 139 pounds (11.6 pounds per month, or 40 piasters a day). Since the data at hand do not include the household size, it is not possible to determine the per capita income. Suffice it to say that it should be among the smallest, having already seen that household size is correlated with income. Thus, they too fall into the extreme poverty group.

As for their composition, they must be mostly casual laborers, including some permanent wage laborers. Their declared income is comparable to agricultural wage laborers employed by cooperative societies. The average annual income from wages of an agricultural worker employed by cooperative societies was 138 pounds (131 in the regular cooperatives and 146 in agrarian reform cooperatives)¹ for the same period, 1974. Before 1973 an agricultural wage laborer still earned less than 30 piasters a day during the peak

¹ Based on data given by CAPMAS, Annual Bulletin of Cooperatives in the Agricultural Sector (in Arabic).

season, and much less during the off season. In 1968, for instance, an agricultural workers earned 24 piasters a day during the peak season and less than the minimum wage of 18 piasters during the slack season. The minimum wage for agricultural work was violated by private employers as well as government agencies. In 1975 evidently wages of agricultural laborers had improved. In terms of the annual income data just cited, wages would be as follows. If we consider wage laborers to be employed full time, six days a week, then the average wage would be 45 piasters daily. But of course they do not work six days a week on a regular basis, and the daily wage should be considered higher. This is clearly more than double the amount a worker earned in 1968, and is consistent with official data already cited. We may add another important note here, that some migrant workers ought to be included in this group of cooperatives employ workers who are classified as migrant, since they are hired by a contractor and placed at the service of the cooperative to work in markaz or province areas run by the cooperatives or the Agrarian Reform Agency. We may also remember that agrarian reform workers earn on the average 146 pounds, or 47 piasters daily on the basis of a six-day week.

The third category of the poor is the near landless who manage less than one feddan of land, and presumably have no secondary source of income. They constitute 12 percent of the sample and earn on the average 187 pounds per household annually. We find two incongruent data in this account. First, the percentage of farmers in the survey with less than one feddan is about half of that in the Agricultural Census of 1961, and 4 times less than the 1976 figure. Second, it is by no means clear how a family whose only source of income is about half a feddan of land could obtain an income of 187 pounds per household annually, since it is generally agreed that

a feddan of land planted with traditional crops yields somewhere between 60 and 90 pounds net income. However, some informants maintain that planting bersim and raising livestock now makes it possible to earn more than 200 pounds net at current prices per feddan. When income from livestock, which almost every cultivator raises, is considered, such an income may not be unrealistic. However, the reported income of the near landless contradicts income data in the survey for managers of one or more feddans, which is reported to be 238 pounds only. It is possible that the interviewers were casual in their probing on this question, which resulted in not revealing other sources of income mainly from work as hired laborers. This is particularly likely since a very negligible number in the land-owning category listed a secondary source of income, which is unusual considering that most near-landless peasants work as casual laborers and most farmers raise some kind of livestock, totally or partially owned by themselves.

More light may be shed on this question from data regarding this category of people in an in-depth study of three villages in Giza Province¹ conducted in 1972. This study shows that owners of less than one feddan constituted about 18 percent of landholders, and that the average income from agricultural production was 35 pounds per annum only, out of a total annual income of 163 pounds. The income from non-agricultural products, 78.5 pounds, came from raising livestock and other sources. "Other sources" are not specified in the study, but we know that farmers in this category hire their services out as casual laborers. Thus for the near-landless peasants, the agricultural produce taken by itself accounts for 21.5 percent of the family income only. However, the reported income from

¹ See Working Paper No. 1, prepared by Dr. Abd al Basit Hasan, Ph.D. dissertation by Safia Mahmoud Hamdi, Faculty of Agriculture, Cairo University, 1973.

agriculture in the study cited here is questionable since Giza farmers grow high priced cash crops, and in certain cases a feddan of land may yield as much as 600 pounds annually. Nevertheless, the report serves to highlight the importance of income derived from livestock, especially for those who have some land to raise animal feed.

The question of household income from livestock, poultry, and bees in rural areas remains an overlooked issue in studies of rural incomes, and hardly ever appears in statistics or surveys. Informal observation indicates that it constitutes a very large proportion of household incomes, equal to or a little more than the yield of a feddan of land. Discussing the matter with informed farmers, we have learned that a peasant can earn annually from a gamousa (water buffalo) and a cow in terms of milk, work in the field, and offspring, as much as from one feddan of land.

We have already observed the tendency in rural Egypt for association between land fragmentation and rise in the number of livestock in the rural areas. This has been confirmed by informal observation in the field. It is also confirmed by statistics coming from one markaz in Giza Province. Official statistics for markaz Al Saf in Giza show that there are 35,889 feddans of land cultivated. The number of cows and gamousas raised in the markaz is reported to be 51,068, an average of 1.4 cows or gamousas per cultivated feddan. There are no large animal farms in Al Saf. The practice in Egypt in general is for a well-off farmer to enter into partnership with small cultivators whereby he pays for the animal and the cultivator raises it. Thus many, though not a majority, of animals are held in partnership.

We ought not to forget also that most rural families raise chickens at home at very little cost and obtain a considerable income in terms of eggs and meat. Bees and pigeons are also raised by a few farmers, though

this practice is more common among the wealthy. In short, income from animals and poultry is a major component of the peasant economy and no income data are valid that do not take it carefully into account. Whether they make for greater or lesser equality among households remains to be established empirically.

The fourth category in rank order of poverty is the self-employed non-agriculturalists who receive an average of 213 pounds per household annually, and make up 8 percent of the sample. The study does not specify who they are, but we can surmise that they consist of craftsmen, barbers, peddlers, small shopkeepers, and the like.

Fifth in rank order are non-agricultural wage laborers, about 10 percent of the sample, who have no other occupation or source of income. The average household in this category makes on the average 217 pounds annually, or 18 pounds a month, considerably more than the comparable income of agricultural wage laborers. On the basis of a six-day week, full employment, the average daily wage of a non-agricultural laborer would be 70 piasters. The survey does not include in the non-agricultural occupations professionals, administrators, technical persons and other salaried individuals. This is probably because such individuals were considered by the survey administrators as not native residents of the villages studied. Most of these, however, are of rural backgrounds, and should be included. We can supplement this deficiency by indicating the average salary of managers, technical staff and clerks in the employment of agricultural societies, and assume that those in similar capacities working for the municipal councils have comparable, or perhaps a little higher, income. The average income per employee in a cooperative society who is not an agricultural laborer was 299 pounds,¹ a figure that is scaled down by the

¹ Based on data in CAPMAS, Annual Bulletin of Cooperatives in the Agricultural Sector, 1974.

large number of clerks in cooperatives. Employees of the agrarian reform cooperative earn more than the regular type cooperative employees.

It may be useful in this context to present a comparison of agricultural with non-agricultural wages, to underline the disparity (Table 29). It can be seen that while rural wages rose steadily, they did not keep pace with changes in other sectors, at least through 1974.

The sixth rank income group consists of farm operators managing 1 to 3 feddans of land, again presumably with no other source of income. They make up 22 percent of the sample, and earn on the average 238 pounds annually, or 20 pounds a month. Their size in relation to the total number of landholders is again much smaller than the figures for the same group in the 1961 and 1976 land distribution data, which were 41 and 37 percent respectively. This may in part be explained by the fact that those who partially manage land are listed in the survey under separate categories.

In comparison with the in-depth study of Giza, the ORDEV income figure is lower by some 30 pounds. In the Giza villages, the average annual income of a household in this category was 268 pounds; the share of agriculture in this was 99 pounds, or 37 percent of the total household income. The rest again comes from livestock and other sources.

Next come holders of between 3 and 5 feddans, whose annual income on the average is 291 pounds, and who constitute 6.5 of the sample. It is at this level that subsistence is met on the basis of the poverty line set by Radwan. This is also confirmed by the Giza study, which shows an average income of 358 pounds annually. Thus, these two studies agree with the earlier ILO Rural Employment study that 3 feddans constitute the minimum size farm necessary to support a rural family.¹ However, in areas where

¹ ILO, Rural Employment Problems in the United Arab Republic, Geneva, 1969. This is in contrast with the figure of 5 feddans adopted by Radwan.

TABLE 29

Average Annual Wages, Agriculture and All-Sector Averages
Egypt 1969/70 to 1974

Sector	1969/70	1970/71	1972	1973	1974
Agriculture (LE)	53.0	55.6	56.3	60.5	65.1
All Sector Average (LE)	142.6	157.3	167.5	179.7	195.2
Ratio Agriculture/All Sector	0.37	0.35	0.34	0.34	0.33
All Sector Average Deflated by Consumer Price Index (LE)	142.6	153.6	157.5	156.5	153.9

Source: Gus Schumacher, Egypt: Rural Development Review and Identification, unpublished manuscript.

vegetables and fruits are grown, one feddan is sufficient. Again, average income from agriculture is reported here to be 166 pounds, or 46 percent of the total income. The rest comes from livestock and other sources. Other landholders in the survey fall in the higher ownership brackets, and all earn more than 300 pounds a year.

We may now add that some wage laborers in agriculture have listed a secondary occupation, 4.4 percent of the sample. These show a higher income than the rest of agricultural laborers and make over 200 pounds on the average. The secondary sources of their income are managing land in ownership or tenancy relation, and raising livestock. Similarly, some non-agricultural wage laborers are involved in livestock production and managing land as a secondary occupation. Those come to 4 percent of the sample, and make on the average 288 pounds, an income equivalent to owners

of 3 to 5 feddans. Those listed as self-employed non-agriculturalists also manage land and/or raise livestock as a secondary occupation. They make up 3 percent of the sample, all of whom make more than 300 pounds annually.

It is obvious that most of those who list a secondary occupation are better off than the members of their group who have a single occupation. It is certain, moreover, that more of the landholders in this survey have secondary occupations though not listed, an observation that confirms what we have maintained earlier that declared income is lower than real income.

If there is a single conclusion to this discussion of rural income, it is that we are still on very soft ground insofar as rural family budgets are concerned. A study of income streams compared with expenditure is badly needed if we are to have confidence in our conclusions. The best and potentially most reliable results are to be obtained by in-depth methods used selectively over various regions, as we are not so much in need of national data as an accurate assessment of what wages and returns from various streams of income are for a rural family in different circumstances. More survey results are about to come out in the coming year, and we will stand on firmer ground insofar as aggregate national data are concerned. What is not likely to come out is an accurate assessment of family budgets in a rural setting for various occupational groups.

Chapter V

CONCLUSION

Achievements and Limitations of Agrarian and Institutional Reform

The profile traced here of the contemporary rural scene in Egypt shows mixed results, which however on balance indicate some accomplishments of agrarian reform. Most of the original objectives of agrarian and institutional reform have been fulfilled to a reasonable degree: more egalitarian distribution of land holdings, maintenance of private property with a considerable measure of collective management of land, preservation of productivity levels, secure tenancy conditions for cultivators, termination of usurious practices, credit facilities for small cultivators, doing away with political domination by large landowners, participation of cultivators in the implementation of national policy regarding agriculture, conversion of large areas into perennial irrigation, and the extension of social services to local communities such as education, health, welfare, technical assistance, electricity, potable water and the like.¹

National policy aimed at making the small cultivator the mainstay of the agricultural economy has been successful to the extent that the household economy has become more viable than ever before. Modernization of agriculture by such measures as introduction of some mechanization and new techniques of cultivation plus cooperative management have not undermined the household economy: they have rather sustained it.

The small household economy has been strengthened by such agrarian reform measures as (1) provision of credit on easy terms to small farmers plus all the necessary inputs for cultivation, (2) offsetting the effects

¹ For the political aspects of land reform see Harik, The Political Mobilization of Peasants, op. cit.

of fragmentation on productivity by instituting land consolidation, and (3) introducing methods of large-scale production to the household system of cultivation by means of state cooperatives. Government encouragement of farmers to raise livestock has also contributed to the household incomes of small cultivators. Thus agrarian reforms have contributed to spreading the benefits of agriculture more widely, as this study empirically demonstrates.

Finally, it should be mentioned that agrarian reform introduced the institutional frame that made it possible for local farmers to establish contact with officials and seek services at the local levels. Municipal government was introduced with built-in measures of representation, and cooperatives for the management of agricultural services made it possible for small cultivators to have access to services provided by the national government. Municipal institutions were particularly important in that they became the focal point where most national services were made available to villagers. Of particular importance in this context is the extension of welfare to helpless individuals who needed assistance for survival. Thus, aid to the poor which the Ministry of Social Affairs provided has been administered by the municipal government.

There are, however, areas in which the national government failed to perform according to plan. This is nowhere better demonstrated than by the findings of this study regarding the continuation of widespread poverty. The most important areas of failure are those which threaten the main resources of rural people: land and manpower. To cope with the problem of land shortage, the national government embarked on an ambitious scheme of land reclamation of desert lands but after a long period of work and great expense, only a small area was turned into productive use. This was furthermore offset by the continuous encroachments on agricultural

land by urban and industrial expansion. As we have shown earlier, the total area of land under cultivation in 1976 was smaller than that in 1961, despite land reclamation efforts. This problem has been compounded by continuing increase in population growth on a national scale and in rural areas in particular. The poor continue to have large size families, and family planning has not affected or even reached most of the poorer segments of rural population. Consequently, the population pressure on the land continues unabated and has reached a point where it could have unsettling effects on society as a whole.

The high intensity of labor on the land has almost reached the limit. We have demonstrated in this study how agricultural employment on the land has increased considerably in the last two decades. Small farms of less than three feddans generally managed by members of the household have absorbed most of the additional labor. This tendency can be considered as a cash saving technique adopted by small farmers who resort to employment of household members such as children and/or housewives, rather than hire wage laborers. Nearly half of Egypt's cultivation area is managed by holders of three or less feddans. These, it should be added, cannot afford to divide their holdings much further nor will they be able to absorb more labor. One can conceive, however, of some possibility with the rest of the holdings, i.e., the remaining 50 percent of the cultivation area, to develop in the same pattern of land division and absorption of more labor of the same kind, unpaid family workers. Under such a condition, it may still be possible to absorb more workers on the land but not very much. It is not certain that the future course of changes in landholdings in Egypt will follow the pattern of the last twenty years. Capitalistic cultivation methods are currently encouraged by the economic policies of the regime, and profitable returns from some agricultural

products may encourage greater consolidation of land rather than further fragmentation. In such a case, agriculture would not be able to absorb more labor since larger estates are less labor-intensive. The excess population would have to search for some other form of employment.

Employment for the excess population of rural Egypt is being found mainly in the rapidly growing construction sector and in oil-rich Arab countries. As we have already pointed out in this study, the labor supply in rural areas has diminished to an extent that pushed agricultural wages upwards. It has also been reported that migrant workers who are generally considered the poorest of the poor of the agricultural population have experienced an improvement in their work conditions and wages. Better living conditions while on the job, better transport facilities and a meal now are provided. It is not known, however, how much of the wages earned by these workers are reduced by labor contractors who are still the major recruiting agency. Continuing improvement in the conditions of the labor force, however, depends on the demand for Egyptian labor by oil-rich Arab states and on the growth in the non-agricultural sector of the Egyptian economy. So far, Egyptian industry has not shown the growth necessary for the absorption of available labor. This may, however, change and growth may come to Egypt along with peace. Up till now, under-employment in agriculture continues to be in evidence.

The other area of concern is that the off-farm sector in rural areas has shown very slow growth in the last two decades. It increased only from about 21 percent to about 23 percent of the rural labor force. More needs to be done in this area, considering that agricultural land is not expanding. The efforts of the Egyptian government at present to stimulate non-agricultural pursuits are steps in the right direction but are not

sufficiently strong to make progress in this area adequate or to absorb the new entrants into the labor market in rural areas.

In 1972, the government created a new body called the Organization for Reconstruction and Development of Egyptian Villages (ORDEV), whose task is to make grants to local councils to enable them to provide local communities with better services and to strengthen local government. The latter task is to be fulfilled by providing seed-money grants to village councils in order to undertake revenue-generating activities, the purpose of which is to improve the financial situation of municipal councils and enable them to render more service to villagers. Moreover, the national government scheme of local autonomy has put municipal governments each in full charge of a Local Development Fund (LDF) whose purpose is to make it possible for municipal councils to undertake revenue generating activities. The sources of revenue for the LDF are three: (1) a share of the levies on agricultural products and sales, (2) revenue from municipal council productive projects, and (3) grants in aid from ORDEV. Up to this point, the LDF is not large enough to sufficiently stimulate growth of economic projects in local communities. Since municipal councils are not allowed to initiate taxing policies, their share of the existing levy should be higher, if not having the whole levy revert completely to their benefit. More will be said of ORDEV and the LDF below.

The cost of municipal administration, it should be noted, is still borne by the central government to a very large extent, and the share of the national government's financial burden is growing rather than declining. This is obviously a disappointing fact, since the central government had hoped to reduce its burden by emphasizing decentralization of local government. The deficit in the revenue of local government that had to be borne by the central government in 1979 is 506 million Egyptian pounds, an increase of 111 million over the deficit of the previous year. The revenue

generated by the grants made by ORDEV to local government, on the other hand, has reached only 63 percent of its potential, according to OkDEV assessment in 1979.

It is beyond this study, however, to go into the details of this modest record of local government in the economic development field. Suffice it to say that bureaucratic routine, lack of management skills and motivation on the part of local officials and difficulty of access to credit are major factors. The government encouragement of the private sector at present may prove more successful and this does not augur well for the economic enterprise of municipal councils, for the simple reason that ability to compete with the private sector without official protection is limited. Contrary to some theories of development, competition may not lead to improved results for both sectors since the public sector lacks motivation and persistence. It may find an excuse in the tough competition from the private sector to lay down its arms rather than be spurred to further progress. At present, however, there is room for growth in local enterprise and this makes it possible to accommodate both sectors without their having ill-effects on each other. This is due mainly to the great unmet need for production and services.

The results of this study point clearly to danger spots in the economic conditions of the rural population of Egypt, which is still the larger segment of the population. Despite the fact that gauging rural incomes is far from being satisfactory, the household expenditure data point to a decline in incomes for a large section of the population and make the proportion of those in the poverty bracket larger than the 1964 period. The fact that this study provided additional insights which point to an improved economic condition of the landed population, even among the very small holders who qualify as near-landless, does not detract from the fact

that a large number of the poor are among the non-landed population. This landless population should be expected to increase more rapidly since the land available in Egypt will not make room for more comers. It has been clear also that migrant workers engaged in agriculture and agriculture related activities are among the very poor. The invalid, orphans, widows and the very elderly are also listed among the extremely poor. These are maintained at the subsistence level or below it by means of aid from the central government. Migrant workers, on the other hand, have recently benefited from the improved demand for labor and their wages and working conditions have improved somewhat. These groups, the migrant workers, non-agricultural self-employed poor and the completely dependent, do not form more than 10 percent of the rural population. The rest of the poor of rural Egypt have not been clearly identified or described in this report or any other that we know of. The task of identifying the groups who live under the poverty line and their occupational and general conditions are essential for knowing their prospects and what could be done for them. A special inquiry would be necessary in order to obtain reliable results.

Prospects for future employment are bound up with the educational levels of the new entrants into the labor market. The situation in this regard is still not very encouraging as illiteracy tenaciously persists in rural Egypt and is still at about 73 percent of rural population. By 1974, only about two-thirds of school-age children were attending primary schools, due to lack of room and difficulty in enforcing the compulsory education law. In terms of related services, one finds that electricity has not yet reached all villages and in many communities where there is electricity, not many use it domestically. The level of energy consumption in Egypt is growing rapidly with the rise in general consumption patterns,

especially in the urban areas. Thus as Egypt moves out of the austerity practices of the fifties and sixties, it may find that it is very difficult to obtain or sustain a higher standard of living for the population size it maintains at present, to say nothing of expected future population increase.

Another cause for concern is the rapid inflation affecting Egypt currently and that will affect it for the years to come. While very few agree on what the rate of inflation is at present, an annual increase of 30 percent is considered a reasonable estimate by many experts. The fact that Egypt depends heavily on foreign aid (Arab and Western) and on other non-productive sources of income such as remittances, tourism, and Suez Canal dues, give reason for concern. This points to the importance of encouraging productive activities in the countryside such as those supported by ORDEV. Suggestions of areas where changes could be made for the social and economic development of rural Egypt may appropriately be offered at this stage, concluding our analysis.

Areas for Improvement

Land Resources. Agricultural land is still the major source of income for the majority of the rural population and therefore is the cornerstone of any efforts to improve the economic conditions of the population. Urban expansion, salinity, and industrial use of top soil have been the major factors contributing to the erosion of the land wealth of Egypt. In the past, the Egyptian government focused on reducing salinity, increasing perennial irrigation and expanding the cultivation area into the desert. Work continues to be in progress on salinity and perennial irrigation and to a lesser extent land reclamation. However, as has been indicated earlier, grandiose schemes to convert large tracts in the desert into fertile land have given indifferent results, and the major thrust at present is to build

cities in the desert rather than reclaim agricultural land. This is not the occasion to comment on the creation of desert towns in Egypt, except to say that it may not prove to be an answer to the immediate needs of the rural population and, under Egyptian conditions, it may take a long time before such towns become ready to accommodate urban residents.

In Egypt, the desert surrounds agricultural land and cities on all sides except on the Mediterranean coast. The line of demarcation between the desert and the town is very distinct all over the country. The expansion of Cairo may be quite suggestive on this question, since the city has expanded against both lines: the desert and the green. Greater Cairo has spread rapidly into the fertile lands of Giza and still does so, and also north into the desert lands giving rise to the suburban communities of Heliopolis and Madinat Nasr. Madinat Nasr continues to cut deeply into the desert and expand rapidly. The main lesson from the Cairo experience is that cities and villages expand into their immediate environment, regardless of the nature of the soil. This pattern however, has not proved to be true of residential expansion in the countryside and provincial towns which continues to be at the expense of fertile lands and inwards as well. Inability to expand into the desert as in Cairo is due in part to the lack of tangible official support, especially in infrastructure terms, whereas in Cairo official support has proven to be instrumental in the march against the desert.

Egyptian conditions suggest that the desert should be attacked directly by all bordering communities starting with the line of contact between the green and the barren. Every bordering village and town would have to be involved in the march outward and thus assume the major responsibility, leaving the central government with a supportive role. What is more, the march into the desert should be multi-pronged approach comprised of land

reclamation for agricultural use and urban expansion for residential purposes, industries, public buildings and roads. At present the government is encouraging citizens to reclaim land adjacent to their villages when such lands are considered potentially fertile. This is still, however, a timid effort, and Egyptian shortage of useful land calls for an intensified and widespread campaign. Public awareness should be aroused and official support for such activities should be unequivocally expressed.

The proximity of the desert to residential communities and to the Nile should make such efforts quite feasible. Road construction along east-west axes would guide efforts in the direction of the desert. Finally, a switch-over to building bricks from desert clay and sands should be made with the utmost speed to stop the pillaging of the best soil in the Nile Valley for making building materials. Should urban expansion continue to erode the agricultural lands of Egypt at the present rate, Egypt would lose the bulk of its agriculture in a matter of one hundred years.

Human Resources. Next in importance to agricultural land is human resources, with which Egypt is over-supplied. We have already shown that the population pressure on the land is very strong and at present there is not more than 0.3 feddans of land for every rural resident, and no more than 0.15 feddans of land for each Egyptian. At this rate, a rural family of six persons would have only 1.8 feddans to support it. This is already below the amount of land considered necessary to keep a family at the subsistence level. In short, it is clear that the land cannot support many more newcomers without reducing everyone to poverty and perhaps most into extreme poverty.

The question of what to do about this question of population is complicated by political and value considerations. Nevertheless, family planning is an alternative that cannot be ignored any longer by Egyptians, even

if they choose to follow other policies to solve this problem. It is clear that no single strategy is by itself sufficient at this stage for resolving Egypt's population crisis. So far the family planning program achievements of Egypt are unimpressive and not reassuring.

Another alternative to the solution of the population problem is migration to other parts of the region which are under-populated and where labor is in demand. At present, Egypt has about one million and a half workers unemployed, mostly urban, not to mention under-employed. At the same time, oil-rich Arab countries such as Saudi Arabia, United Arab Emirates, and Libya alone will be in need of over four million workers before 1982. These countries are already recruiting hundreds of thousands of Asian workers who do not know the language of the host countries and most of whom are illiterate. Egypt has so far contributed a number of its citizens for work in those countries, but the Egyptian labor force abroad is characterized by high educational qualifications to a disproportionate extent, which creates labor shortages in certain sectors in Egypt itself. The Egyptian government does not seem to have a clear employment policy for Egyptians in the region. It could actively promote the employment of unskilled workers, where they are badly needed in the region as well as regulate the flow of skilled labor. There seems to be no reason why Egypt should be saddled with a problem of unemployment when the region as a whole is in great need of workers.

A third and obvious course to absorb the increasing numbers of the Egyptian unemployed is for the economy, especially industry, to start making progress. Such an eventuality would, however, require some changes in the qualifications of the labor force. First, it would require more literate workers, who constitute at present less than half the labor force. It would also require an increase in the number of skilled and vocationally

trained Egyptians. Egyptian education in most fields is not on a level that makes it meet the challenges of industrialization, quantitatively or qualitatively. Yet the brunt of the financial burden borne by the Egyptian government in its efforts to provide education for those already in schools and universities is very high. Foreign aid could play an important role and one for which it may be well prepared.

Agricultural Policy. Another area relevant to the question of relieving rural poverty is the agricultural policy of the Egyptian government. The contribution of the 1952 Revolution to the countryside and to small cultivators cannot be denied or underestimated. Agrarian reform, however, has not been achieved without a price. The strategy of the Revolution, which to a large extent continues in force today, has been to divert resources from the countryside for industrial development, for provision of inexpensive food supplies to the urban population and/or for financing the national government. Consequently, the terms of trade, as in other countries of the Third World, are tipped in favor of the urban sector. The manner in which the Egyptian government diverted resources was not through taxation, for that was and still is lenient, but rather through crop and price controls. Currently, the government continues to follow the same policy. It has, however, reduced since 1973 the tax burden on the small cultivator by exempting owners of three feddans or less from the land tax. This means exemption of half the land and more than two-thirds of the cultivators. In a balancing act, however, it has raised the land rent, an inevitable step considering the rise in the prices of many crops.

The government has continued to extract the surplus from many cultivators by continuing the established policy of price and crop controls. Peasants are still compelled to raise rice and cotton according to govern-

mental plans and to sell these products to government-controlled companies at officially-set prices. Some provinces, however, are exempt such as Qalyubia and Giza because they are close to Cairo and have to provide fruits and vegetables for the city. Farmers who wish to plant fruit trees are also exempt from the plan, but it is usually the larger owners who can afford to do so. The government continues to hold a monopoly on the supply of fertilizers and pesticides and used to have complete control over all agricultural inputs. Some scholars argue that control and supply of agricultural inputs by the government at official rates works to the disadvantage of cultivators.¹

Only in crops such as wheat and onions is the peasant not at a disadvantage in selling to the government. In recent years, the government has moved to raise the prices of cotton and rice for cultivators, naturally motivated by the need to reduce peasant malaise and to keep up with inflation and improved prices internationally. However, there is still dissatisfaction regarding the marketing of cotton due to the possibility of assessing cotton at lower grades and therefore to roll back the price to where it was before.

Egypt earns some of its hard currency by selling internationally-demanded crops such as cotton and rice. The government has also to insure that local textile factories receive enough raw material to keep the industry working. However, as far as peasants are concerned, cotton growing is risky, uses up the land for a long period of the year, is expensive to cultivate and brings modest returns. Fruits, vegetables, potatoes, bersim (clover), sesame seeds, herbs, and other crops bring much better returns. By continuing to control crop cultivation, the government is not allowing

¹ See Mabro, The Egyptian Economy, pp. 76-79.

the market forces a free course and the cultivator is the victim. Some cultivators now find it more economical to pay the penalty for not growing the required crops and to plant something else. This, however, is not the best way to raise revenue from agriculture. Moreover, cotton is not the only crop that generates industrial projects; fruits and herbs do as well and sell in the international market at a considerable profit. Bersim too has contributed enormously to the growing livestock industry in Egypt which contributes in turn to meat and dairy products. It seems that by letting the market forces have a freer reign in cultivation, all parties--peasants, government and urban interests--would be the beneficiaries.

Egyptian agriculture is famous for its high yields, yet it has not in all cases reached the maximum possible results. Variations in yield are considerable even within one village and with respect to one crop. More could be done for the improvement of productivity across the board. A concerted effort to study low yielding farms and finding solutions for them would contribute enormously to the rural economy. Egypt has the organizational network and expertise to be in a position to undertake such a task. Facile solutions presumed in mechanization, regardless of some merit, are not necessarily the answer since labor saving is not the problem in Egyptian agriculture.

Local Government and Politics. The present regime has not resorted to political measures in its local initiative policy. Indeed, one may go as far as saying that the countryside has been going through a period of political demobilization since 1970. No efforts are being made to organize peasants politically in support of local reform policies or to rely on them to curtail the influence of elements balking the regime as in Nasser's time. The regime's party in the early seventies and the newly-formed

political parties since 1976 have not undertaken active organization and recruitment steps in the countryside.

Political demobilization has not been costly to the regime for several reasons. First, the regime has not felt the need to reallocate material or political resources in the countryside as Nasser did and therefore could afford to leave the rural people without mobilization. The new orientation of the regime is for accommodating all social and economic groups. Second, agrarian reform has in twenty years created a larger measure of equality and undermined the power of certain groups and domineering individuals. There is clear evidence of less conflict in the countryside but not absence of it. The present regime's attitude has been to stress administrative reform and purely economic measures to raise the standards of living in rural areas.

Participatory organizations such as the regime's single party was immobilized then dismantled and replaced by a multiparty system that has not yet affected rural areas markedly. The cooperatives which used to be the focus of political activities have been divested of their major functions. Municipal administration has assumed even a greater role than in the past and has been reshaped in a manner that meets the objectives of the new regime.

Politics at present revolves around the municipal council, for the election of officers and influencing decisions. Related to this is also competition for election of officers to the markaz and province councils. Such activities take place mostly without outside agencies acting as a major party locally and to a large extent they are periodic, not continuous political activities, as they used to be in the past. In effect, demobilization does not mean that politics has been removed from the community but that participation occurs periodically not continuously, covers

fewer areas of peoples' lives, is largely limited to subnational concerns, and comes from the voluntary motivation of local people.

In the following, we shall briefly state the nature of the trend toward functional concerns of local policy, whose main objective is to generate a greater capacity among local institutions for development and services. Thus, the official strategy of local government reform may be summarized in the following points.

1. Decentralization has followed a course of deconcentration of authority from national to subnational levels. Most of the authority exercised in the past by central government ministries has been located in the government of provinces. This has reduced red tape, made government more accessible to ordinary citizens and given weight to local interests through representation. In addition, a new middle-level structure has been created at the district level (markaz) linking municipal councils with the governorate. At all three levels--governorate, district and municipal council--an elected body participates along with official staff in the governance process.

The new administrative structure created at the district level is a replica of the administrative structure of the governorate. Almost all the line ministries represented at the provincial level are represented at the district level as well. This measure has brought official and technical expertise, especially in financial matters, closer to the village community.

While the relations between municipal council and district government are clearly defined by law, the impact on local councils of instituting a district structure is still in the making. Thus far, some features may be discerned. The district authority has clearly more leverage to represent local interests at the governorate level than did the municipal council in

the past. Being well staffed with qualified experts in various fields, district government contributes significantly to clarification and resolution of problems before they are presented to the governorate. Finally, the head executive officer at the district level can provide much needed leadership to local councils and get things moving. On the other hand, it can already be observed that district government has started to overshadow municipal councils as it becomes more and more the focus of local administration. However, there is nothing inherent in the structure of local government that would prevent a municipal council from developing its potential and establishing itself as a strong contender against district government, something that has already happened in some areas.

2. The new local government law has emphasized the development role of municipal councils. Toward that goal, a Local Development Fund (LDF) has been instituted in municipal councils, the purpose of which is to undertake productive activities and provide services to the community. The revenues of the LDF come from a share of levies collected locally on agricultural products and inputs plus returns from local economic projects. In addition, the LDF may receive grants in the form of seed money with which to start revenue producing projects and/or service oriented projects. These grants are provided by a national structure known as the Organization for the Reconstruction and Development of Egyptian Villages (ORDEV) created especially for this purpose. The municipal council has full autonomy in the use of resources and management of the Local Development Fund, except in the case of grants and loans which have to be used for the purpose for which they were solicited. While Local Development Funds suffer from capital shortage and in certain cases from shortage of entrepreneurial skills, on the whole they show a potential as a vehicle for stimulating and improving local economies. The LDF is an important mechanism that

may contribute significantly toward reducing rural poverty. More detailed observations and suggestions are offered in Appendix B.

3. Disaggregating cooperative functions and placing most of them in a new structure known as the village bank appears promising. Agricultural cooperatives were started by the reform-minded Revolutionary regime in the fifties and early sixties to provide cultivators with the necessary credit and inputs on easy terms.¹ Cooperatives used to be run by an official staff and an elected council of cultivators. By 1961, all agricultural inputs had to be obtained through the cooperatives and all marketing of traditional crops, such as cotton, rice, wheat, maize, onions and sugar cane, had to be done through the cooperatives. Cooperatives solved many potential problems that could have ensued after land reform, but because of their early successes, the central government found in them a useful mechanism through which it could control the entire agricultural process. Thus, they were burdened with too many functions for which they were ill-equipped or prepared.

The result of overloading the cooperatives and of benign neglect at the same time emerged by the late sixties as inefficiency, negligence and corruption. Despite all this, the cooperative record has not yet been seriously assessed and statistical accounts show that most regular cooperatives had run a profit up to the last period before their functions were transferred to village banks, introduced recently. The adverse reputation of cooperatives has been generated in part by political opposition: by the left because they prevented the development of collectives in agriculture and by the right because they were a symbol of agrarian reform that had deprived most large landlords and farmers in general of a free market.

¹ On cooperatives, see Harik, The Political Mobilization of Peasants.

Political demobilization and the more conservative orientation of the present regime has resulted in a shift from participatory institutions such as the cooperative to a bureaucratic one such as the village bank.

At present, the village bank provides most of the inputs in cash and on credit. It also serves as a regular bank for villagers and provides loans for investment in agriculture. Up to this point, most of its activities have been in providing agricultural inputs. The loans which it offers are given at a high rate of interest (relative to the ability of small farmers to repay) and with strict rules regarding loan security. Consequently, only a few wealthy farmers have been able to benefit from these loans. The banks have rationalized the system of credit and the dispensing of agricultural inputs and have shown ability in bookkeeping. Nevertheless, making the cooperative a marginal organization has deprived villagers of a participatory institution through which they had the right and ability to have their say in the management and implementation of agricultural policy and in committing profits to local projects.

On the whole, one may conclude from the earnestness with which local government improvement and agriculture and social service development are being pursued that rural poverty constitutes a serious concern for the national government. The motivation is there and the structure is viable and one cannot but hope that it will all work for the benefit of poor villagers, cultivators and non-cultivators.

APPENDIX A

A NOTE ON THE ADJUSTMENTS TO BE MADE FOR FAMILY SIZE,
AND THE COMPATIBILITY OF DIFFERENT TABLES
IN THE HOUSEHOLD BUDGET SURVEY RESULTS

by Susan Randolph

Determining the number of poor households or individuals from cross-tabulations on households by expenditure level in the Household Budget Survey (HBS) requires the assumption of a constant family size. Generally the average family size has been assumed to be the constant, which biases the number of poor households and the number of poor individuals to the extent the actual dispersion around that average diverges from it. The direction of the bias can be predicted if the average family size, and the dispersion around that average, is constant for each expenditure category. If it is not, the direction and extent of bias are impossible to predict.

To avoid making the assumption of constant average family size, cross-tabulation of Household Expenditure by family size or tabulation of per capita expenditures must be used. If per capita tabulations are used, these must be constructed by dividing household expenditures by the number of members in each household observation. Dividing the sum expenditure of a group of households which have differing numbers of members by the sum of individuals in that group of households will still give biased results.

The estimates of the number of poor households and

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individuals and the average size of poor households are different depending on whether one uses the cross-tabulations on Households by Expenditure level (which are biased by the required assumption on family size), on the one hand, or the Cross-Tabulations on Household Expenditures by Family Size (page 17 in HBS results), per capita Expenditure Tabulations (pages 9-10) or cross-tabulations on per capita expenditures and family size (page 19). We will demonstrate below the precise reason for the difference in estimates and the compatibility of the various tables in the Household Budget Survey results. For this demonstration we will use only the results from the first round (rather than the combined round results) to ease calculations and to enable the reader to refer directly to the published tables if desiring to do so. The precise estimate of poverty in combined round results will differ somewhat from the results presented here based on the first round only, due to the influences of seasonality, and inflation. The methodological discrepancies in estimating the extent of poverty, as elaborated here, however, would be the same for single or combined rounds.

Estimates of Poverty Based on Cross-Tabulations of Households by Expenditure Level (Tables IA and IB on pages 6-7)

Two types of poverty lines can be used to estimate the number of rural poor from these tables: a household poverty line or a per capita poverty line. We will use a household poverty line of LE 250 based on an assumed family size of five and a per capita poverty line of LE 50.

A household poverty line of LE 250 (assuming an average family size of 5) gives an estimate that 40 percent of households are poor and 26.9 percent of individuals are poor. This is a substantial difference, with the proportion of poor households 50 percent higher than of poor individuals. These percentages were calculated by summing the number of families (individuals) above the double line in Table IA on the next page and dividing by the number of families (individuals) found in the "total" column.

Table IB on the page following is derived from Table IA and shows the average family size by expenditure interval and the average per capita household expenditures based on expenditure-interval household group averages. The household poverty line of LE 250 translates to a per capita poverty line of LE 50 if each family is assumed to consist of 5 individuals. A necessary, but not sufficient, condition to validate the assumption that each household consists of five individuals is that the per capita poverty line (based on expenditure interval group averages) estimate of the number of poor households and individuals coincides with the estimate based on a household poverty line of LE 250. We see from Table IB that the group average per capita expenditures are approximately LE 50 when household expenditures are LE 300-349. The group average per capita poverty line (shown by the single solid line in Table IB) coincides with a household poverty line of LE 350 rather than the LE 250 required to validate the assumption of 5 members per household. The number of poor households and poor individuals estimated based on a per capita group

Table IA

Cross-Tabulation of Households by Expenditure Level

Household Expenditure Interval	Number of Individuals	Number of Families	Total Expenditure with Gifts and Advances
< 50	26	20	746
50 - 74	52	27	1,671
75 - 99	106	35	3,091
100 - 149	289	78	9,899
150 - 199	504	112	19,463
200 - 249	626	118	26,702
250 - 299	756	126	34,706
300 - 349	677	102	33,156
350 - 399	596	89	32,913
400 - 499	804	113	49,452
500 - 599	340	44	23,777
600 - 799	551	65	44,942
800 - 999	269	30	26,359
1000 - 1399	193	24	28,904
1400 - 1999	138	13	20,013
2000+	46	5	19,258
Total	5,968	1,001	375,852

Source: Household Budget Survey, First Round, page 6
(translation of lines 41, 42 and 43).

Table IB

Cross-Tabulation of Households by Expenditure Level Intervals:
Average Family Size, Average Total Household Expenditure and
Average Per Capita Household Expenditure

Household Expenditure Interval	Average Family Size	Average Total Household Expenditure	Average Per Capita Household Expenditure
< 50	1.3	37.3	28.7
50 - 74	1.9	61.9	32.1
75 - 99	3.0	88.3	29.2
100 - 149	3.7	126.9	34.3
150 - 199	4.5	173.8	38.6
200 - 249	5.3	226.3	42.7
250 - 299	6.0	275.4	45.9
300 - 349	6.6	325.1	49.3
350 - 399	6.7	369.8	55.2
400 - 499	7.1	437.6	61.5
500 - 599	7.7	540.4	69.9
600 - 799	8.5	691.4	81.6
800 - 999	9.0	878.6	98.0
1000 - 1399	8.0	1204.3	149.8
1400 - 1999	10.6	1601.0	150.8
2000 and over	9.2	3851.6	418.7
Total	6.0	375.5	63.0

Source: Derived from Household Budget Survey, First Round, *ibid.*

average poverty line is 61.7 percent and 50.8 percent respectively. This is still higher than the previous estimates.

Clearly, our estimate of the poor is severely biased if based on a household poverty line assuming a constant family size. This is because we find the average family size increasing with expenditure interval. This is not surprising. What we do not know is whether the larger households represent on the average richer or poorer persons. A reasonably accurate estimate of the number of poor households and poor individuals requires that we get a correct picture of family size vis-a-vis expenditure levels, distinguishing households that spend little because they are small from those that spend little because they are poor. This means that we must either go to tables which cross-tabulate household expenditures with family size or to tables which determine the per capita expenditures for each individual household rather than for groups of households.

Before we go on to other tables, some comments are in order concerning impressions about the size of poor versus non-poor households one gets from Table IB. Here, using a household poverty line of LE 250 (the double line in Table IB), we find the average size of the thereby defined poor households to be 4.1 and that of non-poor households to be 7.1. If we use the per capita poverty line of LE 50 based on average per capita household expenditures analyzed by expenditure categories, we find the thereby defined average size of poor households to be 4.9 and

of non-poor households to be 7.7. We are tempted to conclude that poor households tend to be small and non-poor households to be large. Whether or not this conclusion is correct however, depends upon how many small households which in fact are not poor (one-member households in the categories with expenditures from 50 to 249, two-member households in the categories from 100 to 249, three-member households in the categories from 150 to 249, and four-member households in the category 200-249) have been misdefined as poor, and conversely, how many poor households have been misdefined as non-poor (households with six or more members in the expenditure category 250 to 299, with seven or more members in the expenditure category 300 to 349, and so on). Those households which are small but not poor in actuality, pull down the average size of what we have defined as poor households. Those households which are large and poor in actuality, raise the average household size of the households we have defined as non-poor.

Cross-tabulations of Household Expenditure Category Intervals with Family Size

We can compare the compatibility of these tables with the cross tabulations from Table IA. The first thing to check is the number of households in each household expenditure interval. The bottom line of the third column in Table IA gives the number of households. The last column of the bottom line

Table 2

Cross-Tabulation of Household Expenditures by Family Size

Household Expenditure Interval	Family Size:	1	2	3	4	5	6	7	8	9	10 or more	Total H.H.
	< 50	15	4	1	-	-	-	-	-	-	-	-
50 -	15	7	2	1	1	-	-	1	-	-	-	27
75 -	11	6	8	3	2	1	2	1	1	-	-	35
100 -	7	14	17	17	14	3	3	2	-	1	1	78
150 -	1	12	22	21	30	14	7	1	3	1	1	112
200 -	2	7	15	23	16	23	14	11	3	4	4	118
250 -	1	5	11	12	19	30	19	12	12	5	5	126
300 -	-	4	3	7	20	17	17	13	13	8	8	102
350 -	-	4	-	7	12	21	16	15	5	9	9	89
400 -	1	1	4	12	15	15	15	16	15	19	19	113
500 -	-	1	3	3	1	5	5	9	6	11	11	44
600 -	-	-	1	1	7	11	7	9	6	23	23	65
800	-	-	-	3	2	2	2	5	3	13	13	30
1000 -	-	-	2	1	2	1	4	4	2	8	8	24
1400 -	-	-	-	-	1	-	-	1	2	9	9	13
2000 -	-	-	-	1	1	-	-	-	-	3	3	5
Total	53	65	89	112	143	143	111	100	71	114	114	1001

Source: Household Budget Survey, First Round, (translated from page 17).

of Table 2 gives the number of households. It can be seen that they are identical. Second, we would like to see that the number of individuals matches for each expenditure category. To determine the number of individuals from Table 2, one must multiply the number of households in each observation cell by the corresponding family size.¹ The reader can verify for himself that these match exactly for families of one to nine individuals and are fully plausible for families of ten or more individuals. Third, we can look to see whether a household poverty line of LE 250, assuming a constant family size, gives the same estimate of poor in Table 2 as it does in Table 1. We find that not only is the estimate of number and percentage of poor households identical in the two tables (given the same definition of poverty), but the number and percentage of poor individuals is identical, as are estimates of the average size of poor and non-poor households.

Thus satisfied that the tables are comparable, we can see exactly how estimates using a household poverty line of LE 250 assuming a constant family size of 5 are biased. A household poverty line of LE 250 for a family size of 5 translates to the following different poverty lines depending on family size:

¹For example, for the first expenditure interval (less than LE 50), the number of individuals is $(15 \times 1) + (4 \times 2) + (1 \times 3) = 26$. This is identical to the number of individuals for this expenditure category found in Table IA. We run into a problem for households in the family size category "10 or more." Since we do not know what number to multiply by for this family size group, the best we can do is see that the number of individuals needed to make the two tables match is plausible for expenditure categories with households in the 10 or more category.

<u>Family Size</u>	<u>Poverty Line</u>
1	LE 50
2	100
3	150
4	200
5	250
6	300
7	350
8	400
9	450
10	500
11	550
etc.	

With our new poverty line that adjusts for family size, we find that the percentage of poor households is between 43.8 and 51.9, depending upon whether the high (the number of households above the solid stepwise poverty line divided by the total number of households) or low estimate (the dashed stepwise poverty line) is used.² This estimate is higher than that found using the constant poverty line of LE 250 which assumed a constant family size. Our

²For family sizes over eight a range estimate must be used for two reasons; first, the expenditure intervals jump by more than LE 50 and second, we don't know exactly how many individuals are in households of ten or more so we can't define the exact poverty line.

new poverty line adjusting for family size gives an estimate of poor individuals between 46.3 percent and 61.5 percent depending upon whether the high or low estimate is used.³ This is much higher than that found using the invariant poverty line of LE 250.

This adjustment for family size gives a vastly different estimate of the size of poor versus non-poor households. Our adjusted poverty line shows the average size of poor households to be between 6.3 and 7.1 (depending on whether the high or low estimate is used) and that of non-poor households to be between 4.8 and 5.7. That is, we find that poor households are on the average larger than non-poor households. Failure to adjust for family size can lead to quite erroneous conclusions concerning the average size of poor versus non-poor households.

So far we have only a range estimate of the number of poor households and poor individuals. We would like a precise estimate. To get this estimate, we need tables which look at per capita expenditures calculated from individual household observations and not from averages of groups of households. Two sets of tables do this for us: The cross-tabulations of per capita expenditures and expenditure items on page 9 and 10 of the HBS results, and the cross-tabulations of per capita expenditure intervals with family size on page 19. Let us turn to the latter cross-tabulations.

³The average number of individuals in households of ten or more was used in estimating the number of individuals.

Cross-tabulations of Per Capita Expenditure Intervals with Family Size

Table 3 on the following page is a translation from Arabic of the per capita expenditure cross-tabulations with family size on page 19 of the HBS first round results. First we need to check the consistency of these cross-tabulations with our Table 2. If the tables are compatible, then the number of households of each size should be the same. The number of households by size is listed in the final column of each table. These are identical. The household poverty line that adjusted with family size was in fact identical to a per capita poverty line of LE 50. With this in mind then, the percent of households of each size which are poor should be identical between the two tables for households of 1 to 8 members (above 8 members, it should be remembered, we could only find a range estimate of poor from Table 2). The table below shows that they are indeed identical.⁴

⁴Calculation of the table above was as follows. For the household cross-tabulations (Table 2), for any family size group, the number of households above that size group's poverty line was added up and then divided by the total number of households in that size group. For the per-capita cross-tabulations, the horizontal poverty line is drawn in on Table 3. For each household size group, the number of observations above this line is summed up and then the sum is divided by the total number of households in that size group. The identity between the two estimates found by performing this calculation not only tells us that the tables are compatible, but assures us that the per capita calculation was done for each household observation rather than on groups of households.

Table 3

Cross-Tabulation of Per Capita Expenditures by Family Size (Rural)

Per Capita Expenditure	Household Size	1	2	3	4	5	6	7	8	9	10	Total
	< 20	-	2	1	2	3	1	4	4	4	4	3
20 - 29	3	5	5	6	14	11	11	9	7	11	11	82
30 - 39	6	6	9	18	30	22	19	20	23	21	21	174
40 - 49	6	4	13	16	16	37	28	23	14	19	19	176
50 - 59	9	6	16	15	19	25	21	15	6	16	16	148
60 - 79	9	10	18	24	32	26	14	13	8	19	19	173
80 - 99	8	10	14	10	15	7	4	6	5	7	7	86
100 - 149	7	12	5	15	6	12	6	6	2	12	12	83
150 - 199	1	8	5	1	4	1	4	3	2	5	5	34
200 - 249	2	1	1	3	2	1	-	1	-	-	-	11
250 - 299	1	1	-	1	-	-	-	-	-	-	-	3
300 -	1	-	2	1	2	-	-	-	-	-	1	7
Total	53	65	89	112	143	143	111	100	71	114	114	1001

Source: Household Budget Survey, First Round, (translation from page 19.)

Household Size	Percent Which Are Poor	
	Household Cross-Tabulations	Per Capita Cross-Tabulations
1	.28	.28
2	.26	.26
3	.31	.31
4	.375	.375
5	.44	.44
6	.50	.50
7	.56	.56
8	.56	.56

From Table 3, then, we can get a point estimate of the number of poor households. We find the number of poor households to be 45.6. To determine the number of poor individuals, we have to multiply the sum of poor households of each size by family size. We run into a problem again for the family size group 10 or more. We can determine what this is by reference to the cross-tabulations of per capita expenditures with expenditure items. The number of households in each per capita expenditure category is identical to that in our Table 3, and the number of individuals calculated to be in the 10 or more family size group is fully plausible. (For example, in the less than LE 20 column, 32 individuals must be in families of 10 or more. Our Table 3 shows three families with ten or more individuals -- and this is certainly compatible with 32 individuals.)

We find the point estimate of the percentage of poor individuals (after adjusting of the number of individuals in families of 10 or more) to be 49.3 percent. We can also now come up with a point estimate of the average size of poor households versus the average size of non-poor households. The average size of poor households is found to be 6.5, while that of non-poor households is 5.5. Further evidence that poor households are larger on the average comes from a second look at the top of page 152. We know that the percentage of all households which are poor is 45.6 percent. If poverty were distributed evenly across all household size groups, we would then find the percentage of poor in each household size group to be 45.6 percent. If the actual percentage found is less than 45.6 percent, then there is an under-representation of poor in that household size group. If the actual percentage found is greater than 45.6 percent, the poor are disproportionately represented in that household size group (they are over-represented). Looking now at the table on the top of page 152, we find the poor are indeed under-represented in households of 5 or fewer members, but over-represented in households of 6 or more members. This corresponds with and confirms our other calculations.

APPENDIX B
POSSIBILITIES AND LIMITATIONS OF THE
LOCAL DEVELOPMENT FUND

The abilities of local councils to undertake economic activities useful to villagers and to the finances of local government is constrained by two issues: administrative talent and raising funds. The responsibility for initiating, implementing and managing revenue-generating projects lies with council officials advised by elected councilors. To date, economic projects carried out by municipal councils have shown moderate results at best. ORDEV estimates the actual performance rate at about 63 percent of expected performance, and much of this shortfall is due to lack of entrepreneurial talent among local officials and crippling administrative routines. Training of local officials in entrepreneurial skills relevant to their own environment is as necessary as training them in administrative skills, so long as they are expected to perform both functions. Moreover, some kind of incentive policy has to be introduced into the system in order to motivate local officials to perform better.

Raising the capital for development remains the major problem for municipal councils. Although municipal councils make an input into decisions on the budgetary process, the budget is in effect determined and set for them by the Ministry of Finance and the Governorate. There is little they

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can do to utilize their regular budget allocations for entrepreneurial activities. The only real scope for development activities lies with the Local Development Fund, since the municipal council has full freedom to commit LDF resources for entrepreneurial activities and services unrestrained by administrative routine or higher authorities. In fact, the sources of revenue for the LDF are mostly local, coming from local levies. The amount that accrues to the LDF from these levies and other sources, however, is meager. The major contribution to the LDF thus far has come from ORDEV which provides seed money for starting projects. This is, however, a once-and-for-all effort and cannot be counted upon indefinitely. Few local councils have been able to generate income from projects started through such grants which provide them now with a steady source of income. On the whole, revenue generated from LDF investments is still negligible and more needs to be done to provide necessary capital to village councils.

With respect to raising capital for investment in developmental projects, the village bank has proved to be useful only to private entrepreneurs already having means of their own. Local councils have not been able to raise loans in village banks because of the difficulty of setting up collateral that satisfied bank officials. Village bank officials consider local councils bad risks, since they cannot collect from public bodies in case of default. This

tendency is particularly troublesome since in principle the village bank is part of local government and is intended to contribute to its development. In practice, however, village banks, staff and management are tied to the Governorate and are completely free from the authority of local councils.

Some ways ought to be found to enable local councils to raise capital for development. Some measures may be suggested here in passing. One way to improve the available capital for the LDF is to allocate all the revenue from local levies to the LDF, since those funds are raised locally to start with. At present, local councils obtain a share of less than half the revenue from the levies. Still, levies by themselves are not enough as the situation is at present; even with full returns from levies, the capital necessary for productive investments would still be too small.

Village councils do not have the authority to impose taxes and therefore are legally constrained from raising revenue. The freedom to impose taxes on local businesses is necessary if the central government desires to see local councils become self-sufficient and productive.

As a starting point, the archaic system of local taxation should be overhauled. This is necessary regardless of who would undertake the step, the national or subnational administration. The system of rural taxation has been based on the outdated assumption that agriculture is the only source

of revenue in rural areas. Consequently, shops, commercial transactions, real estate, mills, productive firms, businesses that have to do with the renting of machinery and transport and other non-agricultural activities are not taxed locally, though at present income generated by such activities is considerable. Should this source of revenue be tapped to the advantage of local councils, their capacity to provide services and engage in productive activities should become much improved.

A comment on the national strategy of local development is in order here. As had been indicated earlier, the national government planned to stimulate local development by means of decentralization of administration in the hope that local councils would become capable of undertaking entrepreneurial activities and generate revenue for themselves and for their communities. Local councils, it was conceived, would perform an entrepreneurial role in addition to the administrative functions with which they are basically charged. Since most rural people were seen as poor or of modest means and entrepreneurial talent was in short supply, local councils which are staffed by trained personnel and are supported by the national government in terms of finances and economic services would be designated to serve as the major agent of local economic development.

It is not, however, certain that official staff are more capable of running municipal affairs than elected representatives. At present, the head executive officer is actually the central figure in the municipal council, just as

was the case in the Nasser period. It no longer seems consistent with the general policy of the current regime to have this situation perpetuated. It would be advisable for the Egyptian government to modify the municipal system and invest the main authority in the hands of an elected council president to take the functions of the head executive officer and those of the president of the elected council as it is currently constituted. The duality in leadership and function no longer seems justified or productive. A salaried representative from the community would continue to have official staff under his command and work in concert with the municipal council. Local development may be enhanced by such a change.

In their capacity as the public sector representatives in the rural economy, the official staff of municipal councils have shown a limited ability for entrepreneurial roles envisaged for them by the national government. It should, however, be emphasized that the record so far shows limited capacity, not complete failure. Two main reasons may be singled out here to explain the modest performance of the public sector in rural areas. First, the capital necessary for investments in productive activities has not been adequate, and second, entrepreneurial talent and motivation on the part of the official staff has not been as strong as the national policy had assumed it to be. We have already

commented on the question of raising capital to improve local councils' capacity for economic investments. In what follows, therefore, we shall make a few suggestions regarding the administration of the public sector in rural areas.

Obviously, one's first impulse is to suggest training of local officials in finances, economic investments and business administration. Most local officials are recruited from the professions of agronomy, teaching and law. There are also some accountants. Economists and business administration graduates are not yet in large enough supply to make them available for employment in local government. Obviously, a developing nation and one like Egypt with an elaborate and advanced educational system cannot ignore much longer the need to produce more graduates in these fields. When it comes to training of local officials, on the job training could prove to be of great value, especially if training would take into account the experiences of the best local councils in the entrepreneurial field. There have been some successful and impressive performances in some areas that are unknown to others. Local officials would learn most from their successful colleagues because they speak the same language and have familiar problems to discuss. Those who have solved their problems are apt to inform others meaningfully of their exploits. Local officials also have a great deal to learn from their own failures.

However, more than training is necessary to get the public sector moving, and the most basic suggestion here is to make the participation of private citizens in public enterprise a major component of the strategy. At present, the system allows for involvement of ordinary villagers in municipally-run projects but not much has been achieved in that regard. A further suggestion is for national planners to be realistic about the potential development role of local officials. It should be realized that the public sector locally is not the most efficient source of entrepreneurial activities and business management. Egypt already has serious problems with the public sector on the national level. It should realize that locally the public sector is at an even greater disadvantage than it is nationally, simply because it does not enjoy the strong support and attention the national government gives to major industries.

Some ways thus should be conceived by means of which private citizens could become actual partners of local councils in economic development projects. A very few successful councils have been able to induce villagers to become shareholders in small businesses started by the village councils. However, for the vast majority of rural people, confidence in the motivation, ability, and to a certain extent, it should be said, honesty of local officials is not sufficiently strong to overcome their inherent resistance to invest in publicly-managed business. Moreover, turnover of official staff gene-

rates a sense of discontinuity in local enterprise, since very much depends on the persons in charge of the economic projects. Other methods, therefore, may be necessary to devise. Here are some that are drawn from experiences that have already proven to be successful in Egypt but have not been capitalized on thus far.

The following suggestions are based on the assumption that the public sector is relevant to local development and is at an advantage over other local citizens by virtue of overall government support. Therefore, it is suggested that local councils can perform the "breeder" role in local economic development by which is meant the initiation of productive projects with the express purpose of turning them over to private citizens. It should be remembered that this method is suggested as one possible course of action, not the sole role of local councils. Local councils are in a position to play the start-up role because of official encouragement and facilities made available to them and in the absence of other local agents whose role is solely public service. But while local councils can start productive projects, they are poorly prepared to run them efficiently and economically, also having limited capacity to provide continuity. Private citizens who do not have the capital or facilities to start revenue generating projects but are highly motivated by self-interest may thus be able to supply the missing qualities for municipal councils if the latter provide

the opportunity.

Taking the lead, local councils could start projects and turn them into profit making activities to both sides. Two examples may illustrate this process. A village council may start a sewing shop supplied with a master craftsman and sewing machines. The shop would perform dual roles of training youngsters and taking commercial orders for pay. The products which are sold by the shop are the result of the supervised work of trainees. The second and more important aspects of the sewing shop would be to sell every graduate trainee a sewing machine on which he/she had been trained. Turning over the machine would not be gratis but at its market price. The problem is that the trainee can be assumed to lack the funds necessary to buy the machine. The council could let the trainee continue to work at the shop and pay the price of the machine from the proceeds of his/her work by installments. Once the price is paid, the trainee would take the machine home and start his/her business as a private entrepreneur.

A similar undertaking which illustrates the point would be for the local council to start a bee farm, quite a common investment by village councils. As it happens, most bee farming is done by village councils and/or financially capable individuals. Such an economic enterprise could be made to reach ordinary citizens of modest means by the breeder type role of the village council. The council could

start the farm and sell beehives to individual citizens, who could add to their advantage by organizing themselves in corporations. The process would be similar to that followed in the sewing machine example. An interested party would be invited to send a person to be trained on the job. This way, the village council would secure the necessary labor for its project and provide a villager with a skill. The trainee would be given the option of buying the beehive or beehives he works on and paying by installments from the proceeds of his work. Once the price is paid, he would take the beehive home and start his own farm.

The advantage of the "breeder" type role of the public sector is that it would spread economic activities to a larger part of the population too poor to be able to start businesses on their own, plus providing them with the necessary capital for their undertaking can prove financially advantageous to both sides, each making some kind of profit out of the project. This would solve the problem of the needed capital for investment which most villagers lack and avoid the problem of providing services to villagers on credit and leaving them with debts, a very arduous and unprofitable task. As was mentioned earlier, these examples have been successfully carried by some village councils and have not been widely reported perhaps because there is no agency which makes such information available to other communities.

Another role that may be suggested here for the public sector to stimulate the economy is for the village council to start productive projects, and then auction them off to private citizens to manage. A village council able to start a livestock or poultry project could turn over the management to a private entrepreneur and take a share of the proceeds. This pattern of activity is suggested because the nature of some economic projects such as raising poultry and livestock calls for commercial exploitation. For them to be economically worthwhile, these projects should be sufficiently large. Moreover, villagers raise poultry and livestock on a very small scale anyway and do not need to be introduced to such enterprises by the breeder type mechanism. Local experience thus far has shown that while local councils have been able to start such projects, they often fail to turn them into profitable undertakings or fail to provide continuity of performance. Turning over the management of the farm to a private entrepreneur could prove profitable to both sides. One drawback of this pattern of activities is that it lends itself most successfully to cooperation with financially and socially advanced entrepreneurs, although in some projects poor villagers could become involved.

Finally, village councils may be encouraged to develop local industries that use raw material from their own environment. Many village councils have already embarked on such activities and the most successful have been in

Fayyum Province. Village councils can start projects which use to advantage local products such as processing dates, olives and vegetables for the market. The possibility of starting projects that would generate lucrative returns are still numerous in local communities, especially because of the changing conditions of rural society and economy which are not matched by entrepreneurial activities to take advantage of the situation.

In short, the official drive to stimulate local government and small and local enterprise is a step in the right direction, yet one which is still short of the necessary imagination and perseverance to make it a success. It has, however, the potential of improving local economies and spreading the benefits to the rural poor, especially those who have no opportunity in agriculture.

***Peasant and Bullock* by Chuah Theah Teng**
From the collection of Dr. and Mrs. Clifton R. Wharton, Jr.