

PD ABR-859

103372

**Final Performance Report
Egypt Free to Choose 5-Part Video Series**

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I Summary of Work from July 1, 1999 through October 30, 1999

- 1 A no-cost extension of the contract was granted to AUC till September 30 1999 and later amended to October 31, 1999 to accommodate the production company, AUC sub-contractor, XPOSE
- 2 After extensive discussions with responsible USAID personnel, it was jointly agreed with AUC to eliminate the Introductions to the 5-part video series. The introductions were essentially 1-2 minute remarks by Egyptian notables to build credibility with the audience for the subject matter in the films. Although the introductions may have been a plus for the films, this is obviated to some degree by other introductory materials including a written scroll board giving the viewer some necessary information about each of the 5 videos. See Section VI for Introducers Remarks
- 3 During the month of October, 1999 the production company XPOSE completed all technical tasks to integrate the Arabic narration with the original film footage. A review copy of the tapes was made available at the middle of October, 1999, a copy sent to USAID and another copy to Mr. Kenneth Suit, AUC Assistant Professor in the Dept. of Performing and Visual Arts, and Technical advisor to the project. After various consultations with the production company, XPOSE, and minor modifications, Mr. Suit was able to find the work technically competent.
- 4 Given the go-ahead, XPOSE duplicated the final 5 videos, making 70 copies as per contract. Dr. Diamond delivered 10 final copies of the 5-part video series to USAID on October 31, 1999 as per contract. AUC retains 60 copies for distribution to audiences throughout Egypt. XPOSE returned all working video/audio tapes to AUC, other working materials, and provided masters of the Arabic Free To Choose for future duplication of the 5-part video series when needed.
- 5 Both USAID and AUC requested disclaimers to the effect that the views expressed in the videos not necessarily reflect official institutional policy. At the end of each video, the requested disclaimers do in fact appear.

II Issues on Distribution of Tapes to Interested Parties

The original proposal to USAID for funding the 5-part video series indicated that the video series would be disseminated to a wide audience including Universities and Colleges in Egypt and the Middle East. It was felt that Arabic Language Television Stations would be interested in broadcasting the 5-part video series as part of public education programming. However, no funding was provided for in the original grant for promotion/distribution to intended audiences.

As of the time that this report is being written, there are several areas that AUC will explore to ensure that the tapes reach the intended audience. Construction of an internet web site dedicated to the Egypt Free to Choose Video Series is underway that will carry 1-2 minute short segments of each video, extensive information about program content and information to obtain copies of the video.

It is hoped that private financing of the promotion/distribution of the 5-part video series will be possible. The Egyptian-American Chamber of Commerce will be approached to assist in both financing and distribution of the tapes across Egypt and securing TV airing. Additionally several private companies have expressed interest in purchasing sets of the tapes for use in employee training. It is possible that the distribution/promotion program for schools and TV public education could be self-financing through sales of the videos to private companies. However, this is yet to be worked out with final decisions to be made some time after the first of the coming new year.

III Short Content Summary of the Project

Egypt Free to Choose A Short Commentary and Program Overview

A strong economy is the main element to a nation's prosperity. With a country like Egypt, economic reform is the key to a free market economy. The reform is applied through several channels such as eliminating tariffs, import and export restrictions, deregulation and privatizing the banking sector, selling off public sector companies, and other reforms that will benefit the greater society and is the only way to improve future living standards.

Egypt's economic reform policy is certainly not without its critics, both informed and not informed. Informing the public of why reform is being undertaken is critical if consensus is to be built. The message needs to be repeated and elaborated that economic reform is the only path to a free market economy and improving future living standards.

As the public is not well informed of the basis of reform and what actual benefits they can get through this reform, World Economist Dr. Milton Friedman through his famous "Free To Choose" television series, explains the critical economic issues facing a country, especially those trying to transform into market economies.

He delivers the message in the simplest manner- in simple language to reach all levels. He clarifies why a nation needs economic reform, the pros and cons of the reform as well as how the implementation takes place.

The American University in Cairo - AUC - takes the lead role in educating the public of economic reform through developing an Arabic version of "Free to Choose" television series. AUC intends to produce a 5-part series covering the following major areas: Price Controls, Markets, Profit-making and Private Enterprise, Labor, Role of Government and Economic Reforms, Equality (Opportunity v Results).

The program is under the direction of Dr. Charles Diamond, Associate Professor of Economics at AUC. A film expert, Mr. Kenneth Suit, of AUC's Department of Performing and Visual Arts is assisting in quality control.

The intended audiences are the General Public through television, Universities and Schools, Governmental Agencies and Authorities, Private businesses, Chambers of Commerce, and similar institutions in Egypt and other Arabic speaking countries.

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IV Key Concepts Contained in Each Video

Program 1 The Power of the Market

Themes Markets, Profit-making, and Private Enterprise the whole spectrum of financial, consumer, and investment markets, as well as private property, risks and rewards, profit-making in contrast to public sector activity

Key concepts

People Respond to Incentives and Opportunities to better themselves
 Greatest Opportunity in Places with the Least Government Rules
 Market Freedom creates opportunities for the Poor
 Economic and Political Freedom Go Together
 Productivity is Key to Higher Standard of Living
 Open Markets promote higher productivity and better relations between people
 Compare Market System with others in how the poor and average person lives
 Prices direct market forces
 Prices people willing to pay for products determines what is produced
 Prices people willing to pay for labor, raw materials, and so on determines how the products are made
 Prices for labor (wages), interest on capital determine how much each person has to spend
 Market forces lead people to voluntary cooperation

Program 2 Tyranny of Control

Themes Price Controls examining trade, tariffs, subsidies, how the price system works, how controls distort and destroy market outcomes, how they create bottlenecks and hurt people and business concerns

Key Concepts

Individuals should buy where cheapest and sell where greatest demand
 Nations should do the same
 Free Trade enabled Britain in last century to become rich nation
 Free Trade opens up an economy to new ideas and methods to increase productivity
 India followed government directed development and failed
 Government Subsidies to support industries usually fail and are a tax on efficient industries
 Central Planning of an Economy has been a failure the world over
 Protecting native industry helps just a few rich people and hurts most of society
 In every country of the world, some industry is seeking protection from competition
 So what, if a company from another country sells you a product that has been government subsidized

Program 3 Freedom and Prosperity

Themes Free markets, business and economic climate, investment and liberalization of the economy, as well as defense, definition and enforcement of property rights, stability, monitoring and application of rules

Key Concepts

Centralized planning and government control of economy has been a failure throughout the world

All over the world countries are moving to free markets

Privatization is happening all over the world

Political freedom and economic freedom are tied together

Economic freedom is more difficult to achieve

Private property means that individual people control what they own and can sell it if they want

Where free markets have been tried there are more goods and prices are lower

Entrepreneurs must be free to buy imported goods cheaply

Many times governments cause difficulty in starting business because of too many rules

One-on-one mega-deals between large international companies and government ministries is not free enterprise

Government's primary role in economy is to make general rules to keep the economic game honest

Market socialism will not work any better than the old socialism

Program 4 Created Equal

Themes **The controversial concept of equality, the willingness of society to accept and protect inequality of results, while building equality of opportunity**

Key Concepts

Equality of opportunity versus result

Incentives are key to market economy

People who succeed in business or profession must be rewarded

People who fail in business must pay the penalty by losing their money

The risk of winning or losing forces people to be careful with their decisions

In a market economy generally the most productive people make the most money

Too much redistribution of income destroys the incentive for people to be productive

Program 5 Who Protect the Worker?

Themes The role of labor, labor unions, specialization of human labor and movement away from inefficient allocation of human resources, why technology produces jobs rather than eliminates them

Key Concepts

Increasing labor productivity is the only way to increase worker's standards of living

Unions exist mostly to gain benefits for their members at the expense of other workers

Professional groups like the American Medical Association in the USA regulate all of medicine to get higher wages for doctors

Free labor markets mean that anyone can provide the service as long as the consumer wants to buy

Jobs for life reduces young people's opportunities

Job for life means low productivity and standards of living

Workers need incentives to produce and penalties if they do not

Productivity is how much a person can produce in one hour

Capital equipment increases worker productivity

In countries with the most advanced capital equipment, workers have high wages

unemployment is low, and workers try many jobs to find one that fit them

V Suggested Introdurers Remarks (discarded) written by Dr Diamond

Script for Video 1

Remarks It is imperative that the introducer be able to clearly identify who he is and be allowed to give any personal touches about his life experiences to help make this as authentic as possible. It should not be read verbatim but delivered in a casual, relaxed manner. This may not be the current Egyptian style but it will conform to the program style. Maybe we will just have to start something new here. Engi Nassar will have this translated into Arabic conforming to our program narration.

Start of Script

Welcome, I am name of introducer. You may know some of the companies that I am involved with [name a few of recognizable ones] but that is not what I came here to talk about.

What you are about to see is a film put together by Nobel Prize Winner in Economics Dr. Milton Friedman. I never met Dr. Friedman but I have studied and been involved in economics all my life and what he has to say and show you about the market economy is important. Dr. Friedman is a great economist and scholar and probably the most important economist to live in this century. As you will see, what Dr. Friedman has to say is basically common sense.

I have traveled all over the world and it is clear that the poor and average person in countries that allow free open markets at home and in international markets enjoy the highest living standards and have the best opportunities for young people. Since Egypt is changing to a market economy, it is very important that we all understand how it works. Essentially, a market economy works on the principle of voluntary cooperation amongst individuals, with a minimum of government interference and regulation.

Productivity is the key to Egypt's future. Following a market system will give everybody the incentives and opportunities to become more productive which is the way you, individually, improve your own standard of living, and the only way for all Egyptians to have better living standards.

Egypt can compete and win internationally in producing high quality goods and raising our overall living standards to world class levels. But we have to play the game with the same rules as the other countries that are getting ahead, and that means adopting the free market system. That is why I recommend that you sit back and listen to Dr. Friedman as he travels all over the world showing you what the market economy is all about.

Script for Video 2

Remarks Same as for the first script. This one may be a tad long but I think it is needed to cover the points.

Start of script

Welcome, I am Name Of Introducer You may have seen me in my role as a TV commentator on Channel ____ Over the years, I have interviewed many people and have been involved in several programs covering economic topics Much, if not all of what I do, involves educating the general public about what is going on in the world around them This is why I was impressed when I heard about and saw the program you are about to see put together by Nobel Prize Winner in Economics, Dr Milton Friedman

I would have enjoyed interviewing Dr Friedman on TV as I understand he has appeared on many programs in the US, Europe, and Hong Kong, China and is very friendly and good with audiences

The topic of our program is the role of prices in a market economy and about how price and other economic controls can hurt a nation's economy I think like all Egyptians that when I go out and shop, I want to get, what I want, at the cheapest price possible I think I should be allowed to buy from anyone who I choose, so long as they give me the best deal and deliver the goods I also like the freedom to bargain with my employers and try to get the best wage I can This is common sense No one argues with this

But it also seems like common sense to many of us that if the price of some product or wages starts rising a lot that maybe the government should come in and keep the price low or just control it This kind of idea always seems to be popular with the people in every country of the world, including the USA, but it causes a great deal of harm If the government passes a law to keep the price of some product what will be the case, and is always the case, is that shortages and long lines just to buy the product will occur Also, a black market and unemployment will develop

Dr Friedman is the champion of the Market Economy where the government is not involved in wage and price controls, restrictions on imported goods, directing private investment, or protecting domestic producers from foreign competition We just have to compete with the foreigners and I am confident that we can You'll have to watch the show and make up your own mind as our nation heads into the next century and a market economy

Script for Video 3

Remarks The beginning will have to be modified to give it introducer's touch and to smooth into the substantive material below In any case, we should encourage the introducer telling some personal story that they think fits in with the topic

Start of Script

Welcome I am _____ Some background

Why I am here, is to introduce you to Nobel Prize in Economics Winner Dr Milton Friedman and his wife, Rose They are in the film you are about to see They travel to several Eastern European Countries to report on how there transition from socialist to market economy is doing

Over the past 75 years or so, a big competition has been held to see which kind of economic policies would succeed in bringing freedom, prosperity and better lives for people It is clear now that the winners have been those countries that have followed free market economic policies regardless of whether in the West or Asia or wherever Some of our nearby neighbors in the Gulf, have benefited greatly by following free market policies

A market economy depends on individuals having strong property rights Property rights mean that ownership is clear, that owners can control their property, and you can sell your property to anyone at any time That's what privatization is all about One big thing we have learned from the experience all over the world is that central planning and control by the government of public enterprises does not work well A Market Economy relies on private ownership to direct production and those countries that have enjoy the highest living standards in the world

I am recommending that you watch the following program showing what has been the situation in Czech Republic and Hungary as they confront many of the same problems that Egypt is experiencing Many countries of the world are trying to replace government central planning with open, free market economic policies It's a big challenge many do not like change and others do not want to give up power But we have to get in there and get it done

Script for Video 4

Start of Script

Welcome, I am _____

No one likes to see poor people I think everybody would like to wipe out poverty and misery from all over the world Humans have been dealing with poverty and worse conditions for centuries The only argument seems to be over how we go about helping the poor

From ancient times, it has always been thought that rich people are the reason we have poor people That rich people somehow are rich because they steal from the poor Consequently, in this century, especially, it was thought that the way to get rid of poverty and other terrible conditions of the mass of people was to tax, or even confiscate the property of the rich and redistribute their wealth to the poor This did not work and actually made conditions for the poorest people, worse

Another view, that has been really around forever, is that what is needed is better equality of opportunities, where the poor kid has as great a chance at success in life as the rich This does not mean that government takes from the rich and gives to the poor In fact, in

a rich country like the USA, private charities give much more to the poor in their country and in other countries than does the US government. Egyptians do the same.

So what we have to do is have an economic system that creates opportunities for everybody. The market economy works on this principle and in those countries with free market policies the average person and the poor benefit the most over countries following other courses.

Equality of opportunities does not give anyone guarantees of success. If you make mistakes, then you pay the price. What it does is give everybody a chance to play the game, be productive, and make the most of their efforts and talents.

Script for Video 5

Remarks: Same as Script 1

Start of Script

Welcome, I am _____ Introductory remarks about Friedman. The Introducer should be encouraged to tell something about how hard they needed to study and work to get where they are.

“They pretend to pay us and we pretend to work.” This is an old joke attributable to a Russian government factory worker bitter about his job and standard of living under the old centrally planned economic system of the former Soviet Union. Socialist central economic planning was supposed to help the average working man but instead was a disaster. What the average guy got was a dead-end job with little incentive to improve his position or work productively.

The key to a person's wage and to the standard of living for all of society is productivity, meaning the amount produced in an hour, week, whatever. Rich countries are rich because people there are highly productive.

Any country that is trying to get on the right track to future increases in living standards for all of its people must deal with the productivity issue. Many different economic systems, including workers owning the factory, have been devised and tried and have been failures.

What is needed is a system that provides plenty of incentives for workers to work hard, get training, and get paid well. Employers need to have strong incentives to hire workers and invest in training and equipment to increase productivity. Workers need to be free to change jobs as they see fit and employers need to be able to discharge workers not needed and to hire those that they do need.

A comparison of the experiences of workers in different economic systems over this past century leaves no doubt that the average worker does much better under a market economy. Why? Because workers in a market economy are highly productive. Employers pay their workers well because the worker is productive and, if the employer does not, the worker will leave for another job. This style of labor market depends on there being plenty of opportunities for workers and businesses alike.

All societies, including Egypt, have a choice as to how they set up the rules governing the relations between workers and employers. It is clear that workers are better off in countries that have rules that do not interfere with this relationship much beyond ensuring basic rights and that workers and employers live up to their agreements.

I will leave it to Professor Friedman in the following film to explain how a free market system in labor is the best protection for the worker.

VI Quarterly Reports

Quarterly Performance Report June 21, 1998 through September 31, 1998

1 The first quarter's work was primarily taken up with developing a detailed work plan and execution of contracts with XPOSE, an Egyptian firm, to perform technical services and with Free to Choose Enterprise, an American firm, to obtain copyrights to the original series. A work plan and timetable is attached and part of the XPOSE contract and will serve as the overall guide for the program as well. Note that the copyright agreement with Free To Choose Enterprise calls for provision for Intangible Property in 22 CFR 226.36 as a part of the agreement. Signed copies of both contracts are attached to this report.

2 Referring to the timetable contained in XPOSE contract items 1 and 2 are relevant for the period up till September 31, 1998. All raw materials (PAL tapes, DAT tapes and Transcripts) were received in Cairo from Free To Choose Enterprise. Dr. Diamond has delivered all material to XPOSE. Dr. Diamond selected and delivered relevant material from transcripts to XPOSE. All work on the second quarter appears to be progressing and should be accomplished on schedule.

3 A meeting between Dr. Charles Diamond, Principal Investigator and Associate Professor at American University in Cairo and Mr. Jon O'Rourke and Ms. Najla Khattab, both of USAID- Cairo, was held on September 9, 1998 to discuss progress of the program to date. A suggestion was made to constitute a management committee for the project. To date, the committee will be Dr. Diamond, Dr. Mervat Doss part-time instructor in Economics at AUC, Mr. Kenny Suit credentials noted in original grant, Mr. Nagy Thabet, local journalist, and Mr. Nassif Youssef, Middle East Librarian at AUC. Other members will be added in the future.

Quarterly Performance Report October 1, 1998 through December 31, 1999

1 Much of the work throughout the quarter was devoted to preparation/translation of the English FTC transcript into Arabic. By the end of the quarter, the final Arabic script was still not approved by Dr. Diamond and the advisory committee described in the Quarter 1 report. The major problem encountered is making sure that the Arabic translation not only adheres to the content of the original Free to Choose Video series but also that it maintains simple, straight-forward language, communicating complex ideas like markets and the role of prices in a comfortable way. This has required considerable painstaking line by line drafting and redrafting of the Arabic script but this work should be completed and ready for narration by the end of January, 1999.

2 After presentation of several voices of leading TV/Radio presenters in Egypt on cassette to committee members and outside reviewers, Mr M Ragui seemed to be the overwhelming choice to narrate the Egypt Free to Choose Series Mr Ragui has long experience with Egyptian TV and has graciously agreed to do the narration

3 It was decided to wait until the Arabic video tapes are complete before enlisting prominent Egyptian business/policy makers as introducers of individual video series

4 The video material dealing with labor issues needed to have some original material added The initial draft of the new material dealing with the issues of job security and labor/capital complementarity was prepared by Dr Diamond and edited by Dr David Friedman

5 From October 22 through October 27, Mr Robert Chitester, partner with Dr Milton Friedman in Free to Choose Enterprise, came to Cairo to discuss changes to the original transcript and the details of the final video product Mr Chitester is extremely interested in helping with the promotion and distribution of the Arabic version of Free to Choose and proposes that a conference be held in the Fall of 1999 to launch distribution and promotion of the Egypt Free to Choose Series

Quarterly Performance Report January 1, 1999 through March 30, 1999

1 By the end of the quarter, the final Arabic script was approved by Dr Diamond and the advisory committee described in the Quarter 1 report

2 As discussed in Quarter 2 Report, Mr Mohamed Ragui was chosen to narrate the entire 5 part video series After several weeks in sound studio, the narration was completed

3 A list was compiled of possible Arabic speaking personalities throughout the Middle East as potential introducers of each video Once final versions of the Arabic language versions of the video series are completed, potential introducers will be approached and if accepting will be filmed on location for inclusion in the final product

4 Much of the Quarter was taken up with technical issues related to integrating the video portion of the original series with the new approved Arabic translation The additional shots made in Egypt were added to the Labor Video The first-cut of the 5 videos with the Arabic translation is expected in the beginning of the next quarter

5 Mr Robert Chitester, partner with Dr Milton Friedman in Free to Choose Enterprise is expected to come to Cairo in mid-April to approve the video series in compliance with the original copyright holder requirements He will also discuss some possibilities for promotion of the series

6 It appears that the project is on schedule as expected

**Quarterly Performance Report
April 1, 1999 through June 30, 1999**

- 1 Mr Bob Chitester visited in early April and was able to review 2nd cut of the video series in Arabic He gave his tentative approval pending a final review of finished product
- 2 Major changes in the 1st cut of the video series suggested by technical expert Kenny Smith were made and completed during April
- 3 Several screenings of the videos by the project management committee as well as students in classes of Dr Diamond's at AUC were held in late April and May With some minor exceptions to be fixed by the production company, XPOSE, the videos met with enthusiastic response
- 4 A final part of the project involving locating and filming Egyptian celebrities to introduce each video in the series has delayed completion of the project according to expected time schedule A new team, including Menar Meebed, AUC Director of Development, Engi Nassar, XPOSE, Najla Khattab, USAID program coordinator, and Charles Diamond, Principal Investigator was put together to deal with this task Meenar Meebed agreed to coordinate all contacts and be the clearinghouse for all decisions regarding the introducers Contacting and filming persons on a list of possible introducers will take place during June, July, and August as needed
- 5 AUC asked for a no-cost extension of the grant until November 30, 1999 Some intermediate deadlines All filming of introducers to be completed by September 15, 1999, September 16 through October 4th final mixing and technical changes to be made by XPOSE, Kenny Suit, AUC technical film expert to review tapes in detail from October 5 through October 12, 1999, October 15, 1999 XPOSE to deliver copies for review by USAID, Free To Choose Enterprise, and AUC, November 15, 1999 all copies of finished tapes delivered