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The Middle East and Development in a Changing World

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IDEOLOGIES OF DEVELOPMENT

HASSAN HANAFI

Ideologies of development can be analyzed in actual developmental experiences in time and space with figures and diagrams, statistics and even models. An economist is more interested in facts, a political scientist more the political system and a sociologist the social setting. A phenomenologist is more interested in describing ideologies of development as living experiences, individual as well as collective, subjective and intersubjective. Phenomenology is more interested in the essence of development not in facts. The fact is the carrier of meaning, not the meaning. The meaning is in time, not in space. That requires a shift of attention from outward to inward. Reality can be discerned from within, the object from within the subject, on a deep and human level, not on the surface or the formal or material levels.

Secondary literature on the subject is abundant. Repetition is unavoidable in the case of a typical developmental study in economic and political science. Raw material has been analyzed many times over by professional development specialists, agreeing or disagreeing on numbers, figures and diagrams, how to obtain and how to read.¹

Since ideologies of development in modern Egypt form a continuous historical process, references to specific development experiences are

¹ Some samples of secondary literature are:

- Abdel-Fadil, Mahmoud, Mahmoud Abdel-Hai Salah, Mitzue Osada. 1984. *The Transition of the Egyptian economy under the new open-door policy (1973-83)*. Tokyo, Institute of Developing Economics.
- Amin, Galal. 1994. *The problem of Egyptian Economy*. Cairo, Arab Egypt for Distribution and Publication. (Arabic)
- Anouar, Ahmed. 1993. *Open-door policy and Value Change in Egypt*. Cairo, Arab Egypt for Distribution and Publication. (Arabic)
- Khadduri, Majid. 1970. *Political Trends in the Arab World, the Role of Ideas and Ideals in Politics*. Baltimore, The Johns Hopkins Press.
- Lenczowski, George (ed.). 1973. *Political Elites in the Middle East*. New York, American Enterprise Institute.
- Shimizu, Manabu, Iglal Rateb, Moustafa Ahmed Moustafa. 1984. *Public Sector in Egypt*. Tokyo, Institute of Developing Economics.
- Yasin, Sayed. (ed.) 1977. *Revolution and Social Change, Quarter of a Century after 23 July 1952*. Cairo, Al-Ahram. (Arabic)

required. However, history of factual experiences and their fluctuations is a part of classical developmental studies carried on by economists, political scientists and sociologists. In phenomenology, historicity is a dimension of individual and collective consciousness, the lesson drawn from the accumulated experiences. Development after all is not simply economic growth but rather human and social development. The description of the historicity of the consciousness of development may reveal different types of development anchored in history and structured in individual and collective consciousness.²

Modern Egypt began in the last century, with Mohammed Ali and the foundation of modern state in Egypt. However, for our analysis of ideologies of development it may be most useful to focus on contemporary Egypt in the middle of this century, marked by the Egyptian revolution in 1952 and the periods just before and after.

Three major ideologies of development have been implemented in contemporary Egypt in three successive historical phases:

- 1-The liberal ideology (1923-52);
- 2-The socialist ideology (1952-74);
- 3-The capitalist ideology (1974-96).

The term ideology indicates the two aspects in the ideologies of development, the theoretical and the practical, namely the application.

The Liberal Ideology (1923-52)

The liberal ideology stems out from the three major trends in contemporary Arabic thought: religious reform founded by Al-Afghani, socio-political liberalism initiated by Al-Tahtawi and the secular scientific thought chosen by Shebly Shmayyel. The three trends had different points of departure: religion, the state and nature, but they had one converging point of arrival:

² We have already studied the subject based on content analysis in three studies:
a-The genesis of a secular ideology (1952-78).
b-Religion and its implication for development.
c-Religious factor and income distribution, Islam in the modern world, 2nd volume, 1995, *Religion, Ideology and Development*, Cairo, Anglo-Egyptian Bookshop. pp.54-266.

constitutional monarchy, multiparty system, parliament, education, freedom of the citizen and of trade. The model of such liberalism was Western enlightenment especially French enlightenment in the 18th century, Voltaire, Montesquieu and Rousseau. In spite of Al-Afghani's refutation of the materialism of the enlightenment, he accepted its socio-political liberal ideal.

Since agriculture was the main sector for national income, irrigation projects were implemented to supply fields with water throughout the year, not only during the flood season. The leading example was the Aswan Dam in its successive elevations. Other canals in the Delta parallel to the two branches of the Nile as well as along side of the Nile in the south were also dug. Development meant here simply increase of agricultural production.

There was some minimal industrialization in fields such as textiles, sugar and oil. The industries were developed by big landlords. In doing so, they had the benefit of extensive tax abatement, an arrangement readily available to them since they were also the major political power irrespective of the political party. Development here meant capital investments for increase of wealth. However, it should be recalled that Talat Harb, the founder of national bank of Egypt, tried to build national industries to minimize importation and to free the national economy from foreign domination. The state acted on behalf of the landlords as agent of development.

The landlords also practiced free trade, although through the state, since the state determines the agricultural cycle. The major trade was the export of cotton to England. Imports were minimal, given the relatively small size of population (around 20 millions). Liberalism was practiced essentially as a political process more than an economic system.

Public services were well maintained. There was free education at the lower school level, and free health care in public hospitals. These services were evidence of the liberal concern for human rights. The national landlords wanted to offer these public services to legitimize their political power.

There was a high level of expertise, a reflection of the generally high level of education of the landlords and the widespread use of Western experts: French, British and Germans at the outset, Russians after 1952, and Americans after 1974. Urbanism in modern Egypt was based on the experience of foreign experts with cities such as Paris and London.

This liberal economy was backed by a strong liberal political system based on a multiparty system, a constitution, a free press, and a strong opposition. The national struggle for the complete independence of Egypt from British occupation of the Suez Canal and the presence of British troops in Tal El-Kebir gave an absolute priority to political struggle on economic development.

However, the liberal ideology was the choice of the elite, the feudalists and the landlords. It was a part of Western capitalist system, and most of the landlords were educated in the West. They had pro-Western policies in spite of their national struggle against British occupation. It was only after the revolution of 1919 that Talat Harb switched from Western capitalism to a national capitalism maintained by the nation state.

Economic and political corruption of the landlords was visible in the political process, falsifying the elections, giving priority to partisanship over the national interest, political elimination of the opposition, tax evasion, tolerance of the defeat in Palestine.

The King and the British violated the rules of the Democratic system. They supported the minority parties, dismissing the majority party and forming their own Palace parties. The royal family was a major supporter of the landlords.

The liberal ideology thus worked to the benefit of the landlords. The accumulation of wealth was dominated by less than 0.5 per cent of the population, while almost 15 millions peasants were landless, mere labor. Egyptian wealth was transferred to foreign banks.

A struggle against Muslim Brothers occurred, leading to the assassination of both Prime Minister Nokrashi and the leader of the Muslim brothers, Hassan El-Banna, in 1949. Many members of the Muslim Brothers were jailed and tortured. That was the beginning of the formation of paramilitary secret organizations and the use of violence in the name of religion which is continuing till now.

The concept of development at that time meant only economic growth as implemented by landlords, the national central Bank and the state. Human and social development were still far in the future.

The Socialist Ideology (1952-1974)

Socialism has appeared in Arab literature since the last century, equated to Darwinism by Al-Afghani, to enlightenment according to Al-Tahtawi and to Fabianism in Shebly Shwayyel, Farah Anton and Salama Mousa's writings. It was linked to Marxism, which in turn was linked to atheism. Some writers in the first half of this century such as Abdallah Enan linked socialism to Islam. The same was done by Mustapha Al-Siba'i, the leader of the Muslim brothers in Syria in his "Socialism and Islam" and by Sayyed Kotb in his "Social Justice in Islam" even before he became a leading intellectual member of the Muslim Brothers in Egypt.

Content analysis of Nasser's and of Sadat's early speeches shows primary emphasis of four broad ideas: social justice, equity, equal opportunities and the elimination of class distinctions (1952-1956). These ideals were later amplified and became the basis of three doctrines: Co-operative democratic socialism prominent in 1957-61, socialism as articulated during Nasser's life (1961-1970), and the democratic socialism of the early Sadat years (1971-1974). This last period involved denasserization as a step towards shifting from socialism to open-door capitalism.

The 1952 revolution did not introduce a well-formulated socialist ideology. One of the principles in the early formulation of the socialist ideology was to put an end to feudalism, capitalism and to imperialism. The socialist ideology was negatively conceived, putting an end to agricultural feudalism, industrial capitalism and to colonization as a supporting system. The agrarian reform, formulated over a period of just six weeks, put a ceiling on land ownership. The maximum permitted in 1952 was 200 feddans, and then 100 feddans, in July 1961.

From this principle there was a gradual formation of the socialist ideology. The American withdrawal from the construction of the High Dam in 1954 led Nasser to consider alternative sources of support. The idea of nationalizing the Suez Canal company came into mind especially after the withdrawal of the British troops from the area in that same year. The nationalization occurred in 1956, which led to the tri-partite aggression, which in turn led to the Egyptianization of all foreign companies in Egypt in 1957. Thus was formed the first ingredients of the public sector. The Suez Canal was deepened twice to permit the passage of big oil tankers.

Suez Canal resources were at one time the largest source of foreign exchange, later sharing this role with foreign currency transfer from Egyptian workers abroad, then with oil and tourism.

The socialist laws decreed in 1961-1963 were in part a reaction to the dissolution of the union between Egypt and Syria of 1958-1961. The United Arab Republic, in other words Egypt, chose Arab socialism as the official ideology of the country. The second agrarian reform decreed lowering the ceiling of land property during this period. The intention was also to nationalize wholesale trade, the construction sector and exploitive national capitalism, as a reaction to the defeat of 1967, but Nasser died in 1970. He left behind a volatile developmental experience, run aground on the Sinai occupation.

At the heart of the public sector was industrialization, of heavy industry such as iron and steel and of light industry such as pharmacology and chemicals. Workers rights were established as a part of social development, including worker's representation on the administrative councils of the companies and their right to profit sharing. Customs were put on foreign imports to protect national industry. Taxes were increased up to 90 per cent of individual income and a ceiling for individual incomes was set at 100,000 Egyptian pounds per year. People's control of the means of production was the aim of the formation of the public sector, as a leading device for development.

Food subsidies, especially for bread, were major socialist initiatives to help the poor and lower classes to meet their basic needs. Fixed prices for major commodities were a part of the socialist policies to prevent exploitation in the market.

Planning was adopted as one of the major tools for development, with a goal of doubling the national income every decade, and to satisfy the basic needs of the majority. Planning was based on a priority system taking into consideration the majority of the people.

Free education from primary school through university was granted to all citizens, male and female. Health care and pensions for the elders were also guaranteed.

However, the socialist ideology also encountered impediments both in theory and in practice. It had an experimental character fluctuating according

to circumstances without a long-range vision or a clear-cut theory. That is why it weakened in the face of the following events.

State socialism was not very dissimilar in power structure from state capitalism. Planning was monopolized by the state, which was the sole agent of development. The institute of national planning was a state institute. A ministry for national planning was formed. Many justifications were given for this centralization of power such as the nature of Egypt as a hydraulic society, the historical residual, the charismatic leadership, the just Despot, the overwhelming role of the army. Mass mobilization was totally controlled by the state through the ruling party, making use of the open membership youth organization and the vanguard secret organization.

A new class was formed, made up of bureaucrats, army officers, and contractors, with many landlords forming a buffer zone between the political leadership and the masses. This class had all the features of the middle class in the bourgeois society--hypocrisy, opportunism, careerism. The coalition of people's working forces: workers, peasants, students, soldiers and non-exploitive national capitalism was the official concept. But the middle class dominated the actual social structure.

The quality of work performance was not high. Since the workers were state employees with permanent jobs, they had little motivations to strive for quality. They shared neither in the profits nor the ideological commitment.

The depoliticization of the masses was a continuing legacy of the 1952 revolution. The dissolution of all opposition parties including the Wafd and the Muslim Brothers, the most popular political organizations, cultivated mass political apathy. The negation of the political history of the period before 1952 made Egypt in effect a country without a history. The allocation of 50 per cent of the seats in the People's Assembly to workers and peasants remained a formality.

The constant struggle with Muslim Brothers in 1954 and 1965 and with the Marxist in 1958 and the torture of political prisoners killed the nervous system of the political life. No political organization formed after 1952 attracted genuine widespread popular support.

The Capitalist Ideology (1974-96)

As the socialist ideology was the outcome of the major political events after 1952, the capitalist ideology is a simple reaction against the so-called sins of the socialist experiment. It began by ousting the partisans of the previous regime on 15 May 1971, a presidential coup d'état called the rectification movement. The October war in 1973 gave further legitimation to the new regime, which began by a process of political denasserization and then proceeded to the economic denasserization in the form of the investment laws of 1974 and the open-door policy. After the riots of January 1977 by the Nasserists masses against price increases, a new alliance with Israel was formed after Sadat's visit to Jerusalem in November of the same year. Peace was linked to prosperity and prosperity to a market economy. A total shift from socialist to capitalist ideology began, from public to private sector, from planning to individual initiative, from production to consumption, and from the support of the Soviet Union to the dependence on USA.

Three subdivisions in this period can be observed. First the process of denasserization in 1971-73 began by using Nasser's terminology without its content and ended by economic and political denasserization, first against socialism, then against the Arab Socialist Union. Second the open-door policy was declared 1973-75 directly after October war. Third, democratic socialism 1975-82 was used as label to serve as peace vehicle between Egypt and Israel through international socialism.

The open-door policy was applied in all economic sectors, with increasingly liberal policies in agriculture, industry, banks, oil, tourism, trade, duty free zones. Under the pretext of solving public sector problems, overcoming its obstacles, liberalizing its routine and minimizing its losses, the public sector began to be dismantled and transformed to private companies. Later on a distinction between open-door policy of consumption and open-door policy of production was made to encourage production.

The same capitalist ideology continued after Sadat's assassination in October 1981. The open-door policy needed economic reform. It encouraged foreign capital, reopened the stock market, sustained the rate of exchange in an open market, undertook joint ventures, constructed new cities, began reclaiming a new Delta in the Western desert by digging a new canal from Nasser's Lake to the Toshka depression and linking the four oasis together.

It also increased the development rate from 2 per cent to 8 per cent, installed the urban sewage system and water supply, and constructed housing. A relative margin of political liberalization was considered essential to bring about economic liberalism.

However, poverty increased for the low-income majority and wealth accumulated in the rich private business minority. Riots by the police cadets erupted in 1986, similar to those of January 1977. Some workers struck against privatization of factories and the risk of job insecurity.

Privatization took on an accelerated rhythm, accompanied by considerable suspicion about the real value of the state assets placed on the market. Some believed that they were priced too low, to unfairly favor the new national or foreign owners.

At the same time, the cost of living rose as a result of discrepancies between international prices and local salaries. Salaries increased much more slowly than prices.

Corruption became widespread, and there was considerable flight of capital abroad. Quick earnings through speculations on land and properties became a major source of wealth. Some private banks declared bankruptcy. Some investment companies were dishonest, and cheated poor investors, leading the state to intervene.

Dependency on the international market economy increased with the signing of the GATT agreement, as urged by the World Bank and the International Monetary Fund. Private banks transferred more money out of Egypt than they brought in. Egyptian money abroad now is estimated to be about three times the national debts.

Conflict with Islamic groups did not disappear. Armed conflict became visible in some governorates in Upper Egypt, especially Sohag and Assiout, and in the city of Mallawi. Efforts at dialogue and national reconciliation were rejected by the state, which accused the Islamists of extremism, terrorism, violence and fanaticism.

The few signs of liberalism in the press, especially the Nasserist and the Islamic press did not reduce the over-representation of the ruling party in the two houses of the national legislature. There were widespread allegations of electoral fraud.

A visible change has recently been to bring Egypt back to its central role in the Arab world. The President refused to go to Washington for a

summit meeting between heads of state Clinton, Netanyahu, Hussein and Arafat. In a Cairo economic summit, Egypt played a central role in maintaining direct inter-Arab cooperation. The Arab summit after Netanyahu came to power was the first since the second Gulf War. It agreed on minimum Arab demands concerning the peace process, linking normalization to the application of United Nations resolutions 242 and 338 based on land for peace agreements reiterated by the Madrid conference, on implementation of the Oslo agreements and of the Cairo accords. Middle-Easternism and mediteranianism were cut short in favor of the permanent Pan-Arabism.

Conclusion

Despite their apparent differences, the three ideologies of development, liberalism, socialism and capitalism, share a common and permanent socio-political and cultural structure. The points in common are:

1- Mass culture did not change greatly. It maintained its historical conservatism that in turn is based on a monolithic, autocratic and authoritarian culture. Political discourse is essentially a mass-media discourse intended to brain wash the masses. It lacks basic credibility. The culture has changed from Islam and liberalism to Islam and socialism, then to Islam and capitalism, with changing views expressed by the same intellectuals and religious leaders. Islam is used as a legitimizing device for the political regime and its political and social opinions. Once the regime disappears, its discourse disappears as well. After three shifts, from liberalism, to socialism, to capitalism, the masses increasingly reject all secular ideologies of modernization. They hold to Islam as such, not as a legitimizing device for something else. This Islam per se became the fertile ground for Islamic fundamentalism.

2- Mass-mobilization associated with secular ideologies did not occur, as did the rise of fundamentalist groups using Islam as vehicle of protest. The middle class, which tried to play the role of an agent of development, was seen as opportunist, seeking political power and personal interest. The speech is ideological but the practice is mundane.

The speech is liberal but practice includes the liquidation of the opposition. The speech is socialist but the practice is opulent in life style. The discourse is capitalist but the practice is stringent laws preventing any liberalization of the economy except through selling the public sector, violating state laws and corruption.

3- Democratization as a political process did not parallel liberalization as an economic process. The permanent crisis of the political regime is a political one, autocracy; it does not arise from the social option, be it liberalism, socialism or capitalism. The crisis of democracy transcends development experiences. None of the ideologies depended on the masses or asked their participation. The three ideologies of development have been imposed from above. They did not emerge from below out of the inherited structure of the mass culture.

4- Since the three ideologies of development were from and for the upper class or the middle class, planning was never directed to the concerns of the poor majority of the people. Industrialization was directed towards consumerism by the middle class, in the form of the automobile industry, electronics and elegant food. Liberalism, socialism and capitalism are for the people of "above", not for the people of "below".

5- The most basic need of the people, bread, has not been satisfied. More than 70 per cent of the wheat is still imported, sometimes in the form of a gift. It is used to bargain for political privileges for the donors, a black mail in exchange for national sovereignty. Meanwhile, the new reclaimed land in Sinai is used for fruit rather than for wheat. It is thought provoking that Yemen and India are now self-sufficient in food.

6- Development was not seen in the three experiences as a holistic human and social development. It was conceived in the liberal ideology as capital investment by the Pashas, with agricultural development for the landlords: dams and canals. Millions of peasants, who were three-quarters of the population, remained undeveloped. Development during

the period of socialist ideology was made by the middle class and for it. Free education did not solve the problem of illiteracy, which is still around 60 per cent of all adults. Development in the time of capitalist ideology is oriented to businessmen, to the private sector and to quick earnings equal to corruption. Parasitic housing encircles big cities including Cairo. Population growth, some 1.2 million persons added each year, lowers the standard of living and prevents any real development.

7- Development has required foreign aid to supplement local savings. Foreign civil debts alone now reach to over 40 billion dollars. The economy has become more and more dependent on foreign investments. Self-reliant development is no where in sight. Military debts reach a similar amount. And Egyptian capital smuggled abroad is estimated to be equal to Egypt's foreign debt, both civilian and military.

The stumbling block of the three ideologies of developments was not only their narrow scope, their pursuit of economic growth, increase of production, doubling the national income every decade, quinquennial plans or even human and social development: education, health, pension for the elders—but their short range perception of history. The concept of development itself may be alien to the main stream in the mass-culture of Egyptian society. Development will require time, initiative, planning, human harmony with nature. The mass-culture till now remains preoccupied with eternity, divine intervention, destiny, the fragility of human life and the perishability of nature and the world. To the extent that mass culture remains anchored in this main stream, the prerequisites of development as a concept as well as a motivation are not fulfilled. Sustainable development requires a reconstruction of the mass culture to reduce the weight of the main stream and to increase the weight of the side streams favoring human initiative, freedom of the will, substantiality of nature, the survival of man on earth and teleology. This is development in the long range, taking into consideration the historical component of the social phenomenon. This is the work of generations in order to gain an accumulative experience of the prerequisites of development, instead of beginning each time from point zero.