Strural Adjustment And The Egyptian Farmer

Mona Abdel Moneim Abou-Zeid

Follow this and additional works at: https://fount.aucegypt.edu/retro_etds

Part of the Inequality and Stratification Commons
STRUCTURAL ADJUSTMENT AND THE EGYPTIAN FARMER TOWARDS INCREASING RURAL DIFFERENTIATION

MONA ABDEL
MOHAMED ABU-ZREID
1997
The American University in Cairo
School of Humanities and Social Sciences

STRUCTURAL ADJUSTMENT
AND THE EGYPTIAN FARMER:
TOWARDS INCREASING RURAL DIFFERENTIATION?

A thesis submitted to

The Department Of Sociology, Anthropology,
And Psychology

in partial fulfilment of the requirements for

the degree of Master of Arts

by

Mona Abdel Moneim Abou-Zeid

B.A. The American University in Cairo, 1992
M.A. The University of Sussex, 1996

January 1997
Theses

Declaration to be signed by the author.

NAME: MONA ABD EL MONEJM ABOU-Zeid

TITLE OF THESIS: STRUCTURAL ADJUSTMENT AND THE EGYPTIAN FARMER: TOWARDS INCREASING RURAL DIFFERENTIATION?

DEPARTMENT: SOCIOLOGY/ANTHROP

YEAR: 1996/97

Please sign and date ONE of the following paragraphs:

1. The thesis may be consulted in the Library and photocopied.

   Signed........................................Date. 29/1/1997

   OR

2. The thesis may be consulted in the Library, but may not be photocopied. The restriction on photocopying will cease two years after the date below, unless I apply for, and am granted, its renewal.*

   Signed........................................Date........................................

   OR

3. The thesis may neither be consulted nor photocopied without written permission from me, or from the appropriate Head of Department if I cannot be contacted. This restriction will cease three years after the date below, unless I apply for, and am granted, its renewal.*

   Signed........................................Date........................................

* Application for renewal of restrictions will be considered by the Librarian, the appropriate Head of Department and the Chairman of the Academic Board or his nominee.
STRUCTURAL ADJUSTMENT
AND THE EGYPTIAN FARMER:
TOWARDS INCREASING RURAL DIFFERENTIATION?

A thesis submitted by Mona Abdel Moneim Abou-Zeid
to the Department of Sociology, Anthropology,
and Psychology

January 1997

in partial fulfilment of the requirements for
the Degree of Master of Arts

has been approved by

Dr. Nicholas S. Hopkins
Thesis Committee Advisor

Dr. Malak Rouchdy
Thesis Committee Reader

Dr. James Toth
Thesis Committee Reader

Department Chair

Date
ACKNOWLEDGEMENTS

I decided to begin my masters in February 1992. Five years later, and after earning another M.A. from the U.K., I will finally graduate from AUC. My thesis took longer to complete than I expected, or than anybody else expected, for that matter. For its eventual termination I owe thanks to quite a number of people.

Most of all, I would like to thank the people I interviewed for this study. They were always willing to answer my numerous questions and without them this research would have been impossible. To Dr. Hopkins, who never showed any signs of giving up on me although I myself had began doubting my abilities of finishing the task I had set out to do, I owe special gratitude. He always found time to discuss parts of my work with me, and even spent the first day of the new year reading a draft copy of the thesis. Dr. Rouchdy and Dr. Toth I would like to thank for all the valuable comments, for being so patient and for having read the final draft on such short notice. To my family and all my friends I want to say that I appreciated their consideration and encouragement tremendously. Sorry, for being so unco-operative at times. I am also indebted to Jörg, for being so helpful during the conceptualisation of the thesis, to Debbie and Marwan, for allowing me to work in their flat, and to Oliver, for helping me in remembering what I consider to be the substance of life.
ABSTRACT

The American University in Cairo

Structural Adjustment and the Egyptian Farmer:
Towards Increasing Rural Differentiation?

Mona Abdel Moneim Abou-Zeid
Advisor: Dr. Nicholas S. Hopkins

In Egypt, like in many other ‘Third World’ countries, the International Financial Institutions (mainly the International Monetary Fund and the World Bank) have prescribed structural adjustment policies as a cure to the country’s ailing economy. The ‘free hand of the market’ is presumed to take over from the state in ruling economic affairs.

This thesis analyses the effects of structural adjustment policies implemented in the agricultural sector on the livelihood of small land holders in rural Egypt. The research method employed is qualitative in nature and aims at understanding structures and processes in the countryside through a more detailed study of one Delta village in the governorate of Gharbiya. Semi-structured interviews were conducted during the summer of 1995 with various farmers, traders, and an employee of the local agricultural bank.

Findings show that Egypt’s small holders are facing an increasingly hostile economic environment. Patterns of access to land are changing due to Law No.96 of 1992. Tenants are
most strongly affected, as they are losing de facto rights of land ownership and related access to credit at the agricultural bank. In general, all farmers are confronted with input and consumer prices which are increasing at a faster rate than crop production prices. Consequently, they are changing their strategies of coping and securing a livelihood. As living from agricultural production becomes less viable, they are further diversifying income sources, mostly through off-farm activities.

In the short-run Egypt’s small holders might survive economic pressures, in the long-run, though, rural differentiation is expected to accelerate. As Egypt’s agricultural production system is mainly built on small holders, and as rural poverty is expected to rise as a result of market liberalisation, the future of the countryside and of the national agricultural production structure are expected to change fundamentally.
# TABLE OF CONTENTS

**LIST OF TABLES AND FIGURES** viii

**LIST OF ABBREVIATIONS** ix

**A NOTE ON WEIGHTS, MEASUREMENTS, AND EXCHANGE RATES** x

**CHAPTER 1: INTRODUCTION**  1
  1.1 Research Question  2
  1.2 Research Methodology  3
  1.3 Structure of the Thesis  8

**Chapter 2: THE EGYPTIAN CONTEXT**  10
  2.1 Economic Crisis in Egypt  10
  2.2 The Agricultural Sector in Egypt  12
  2.3 The Historical Context  13
    2.3.1 Rural Egypt Before 1952  14
    2.3.2 Agrarian Reforms Under Abdel Nasser (1952-1970)  14
    2.3.3 Open-Door Policies Under Sadat (1971-1981)  17
    2.3.4 Structural Adjustment Under Mubarak (1981-present)  19

**CHAPTER 3: STRUCTURAL ADJUSTMENT AND AGRICULTURE**  21
  3.1 Structural Adjustment and Agriculture  21
  3.2 Rural Differentiation in Egypt  25

**CHAPTER 4: KAFR NURAH: AN EGYPTIAN VILLAGE**  32
  4.1 Location and Population  32
  4.2 Agricultural Production System  33
  4.3 Irrigation  34
  4.4 Government Institutions, Public Services, and Facilities  36
  4.5 Conclusion  40

**CHAPTER 5: ABU MOHAMMED AND HIS HOUSEHOLD: AN EXAMPLE**  42
  5.1 Abu Mohammed’s Household  42
  5.2 Rice Cultivation  43
  5.3 Home Consumption Versus Market Sale  46
  5.4 Abu Mohammed and the Agricultural Co-operative  48
  5.5 Cotton Cultivation  49
  5.6 Abu Mohammed’s Cattle  53
  5.7 Conclusion  54
CHAPTER 6: TENANCY AND OTHER FORMS OF ACCESS TO LAND

6.1 Agrarian Reforms after 1952 and their Impact on Access to Land 56
6.2 Land and Farmers in Kafr Nurah 57
6.3 Tenancy Law No. 96 of 1992 and its Effects 59
6.4 Conclusion 63

CHAPTER 7: THE AGRICULTURAL CO-OPERATIVE AND THE PRINCIPAL BANK FOR DEVELOPMENT AND AGRICULTURAL CREDIT

7.1 A Brief History of Agricultural Co-operation in Egypt 71
7.2 Agricultural Co-operatives 72
7.3 The Principal Bank for Development and Agricultural Credit 78
7.4 Conclusion 82

CHAPTER 8: FARMERS AND THE MARKET

8.1 The Market for Agricultural Inputs and Outputs 89
8.2 Trading and Marketing in Kafr Nurah 90
8.3 Conclusion 93

CHAPTER 9: ALTERNATIVE SOURCES OF INCOME AND LIVELIHOOD STRATEGIES

9.1 Off-Farm Income Generating Activities 100
9.2 Migration 102
9.3 The Significance of Women's Activities 104
9.4 The Importance of Livestock 106
9.5 Home Consumption: A Strategy 107
9.6 'Bid: An Example 108
9.7 Conclusion 111

CHAPTER 10: CONCLUSION 114

REFERENCES 122

APPENDIX: GUIDING QUESTIONS FOR SEMI-STRUCTURED INTERVIEWS 127
LIST OF TABLES AND FIGURES

Table 4.1  Enrolment in Kafr Nurah's Koran and Primary Schools  37
Table 4.2  Educational Certificates Among the Adult Labour Force  37
Table 6.1  Owner-Cultivators Registered in the Local Agricultural Co-operative for 1990  60
Table 6.2  Tenant-Cultivators (who also own land) Registered in the Local Agricultural Co-operative for 1990  60
Table 6.3  Tenant-Cultivators (who do not own additional land) Registered in the Local Agricultural Co-operative for 1990  61
Figure 7.1  Structure of the Egyptian Agricultural Co-operative Organisation  81
Table 8.1  Prices of Commonly Sold Products by Kafr Nurah's Traders (Summer 1995)  94
Table 8.2  Revenues for Traditional Crops Grown in Kafr Nurah for 1994 to 1996  97
Table 9.1  Prices of Goods Produced by Women (Summer 1995)  107
Table 9.2  Number and Type of Livestock in Kafr Nurah  108
Table 9.3  Number of Heads of Cattle in Kafr Nurah According to Type and Age  108
Table 9.4  Shares of Home Consumption and Market Sales from 'Eid's Harvests  112
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CACU</td>
<td>Central Agricultural Co-operative Union</td>
</tr>
<tr>
<td>CAPMAS</td>
<td>Central Agency for Public Mobilisation and Statistics</td>
</tr>
<tr>
<td>FAO</td>
<td>Food and Agriculture Organisation</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>IFIs</td>
<td>International Financial Institutions</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organisation</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>PBDAC</td>
<td>Principal Bank for Development and Agricultural Credit</td>
</tr>
<tr>
<td>SA</td>
<td>Structural Adjustment</td>
</tr>
<tr>
<td>SAP</td>
<td>Structural Adjustment Programme</td>
</tr>
<tr>
<td>SAPs</td>
<td>Structural Adjustment Policies</td>
</tr>
<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
</tr>
<tr>
<td>WB</td>
<td>World Bank</td>
</tr>
</tbody>
</table>
A NOTE ON WEIGHTS, MEASUREMENTS, AND EXCHANGE RATES

The qantar and the ardab are volume measures and vary from one crop to another. Given weights are only an approximation.

1 qantar = 44.90 kg
1 ardab = 150 kg or 198 litre

1 feddan = 4,200.8335 m²
1 feddan = 24 qirats
1 qirat = 175.0347 m²

The given exchange rate is an approximation of the official rate for December 1996.

L.E. 1 = 100 piastres
L.E. 1 = US$ 0.34
US$ 1 = L.E. 3.40

In 1995 and during the fieldwork the exchange rate was around:

L.E. 1 = US $ 0.338
US $ 1 = L.E. 3.38
Chapter 1:

INTRODUCTION

Under the auspices of the International Financial Institutions (IFIs), mainly the International Monetary Fund and the World Bank, structural adjustment programmes (SAP) are being implemented in many developing countries since the 1980s. Debates on their relative success or failure in different settings have been filling reports, journals, books, newspapers and other media ever since. Egypt, as a country of strategic importance to the developed world, has not been spared from the realisation of this new development thinking. In the mid-1980s, and at the peak of economic crisis, the Egyptian government found itself in a delicate situation. The country’s rapidly growing population demanded a certain standard of living that could not be maintained any longer without enormous levels of international borrowing, due to the economy’s precarious condition. At the same time, the international community was not willing to allow Egypt to borrow, unless she would transform the entire structure of her economy. After initial resistance, the government was forced to sign an agreement with the IFIs that committed it to the implementation of a structural adjustment programme.\(^1\) The implications are numerous and affect structures and processes in the Egyptian society.

---

\(^1\) For a more detailed discussion of the SAP and the negotiations between the IFIs and Egypt see Seddon (1990), Roe and Holt (1993), and Bromley and Bush (1994).
This thesis is 'just another' piece of work that stands in the light of the debate on the effectiveness of structural adjustment as a tool for development. Rapid changes are taking place in the socio-economic structure of Egypt. The curiosity to understand the processes at hand led me to a desire to look at the transformation in more detail. My interest in rural Egypt and in the social aspects of economic policies have directed this research towards the study of the effects of structural adjustment policies on the lives of farmers.

1.1 Research Question

The purpose of this research is to investigate the question of the impact of structural adjustment on poverty and inequality by looking at one, very important, sector of Egypt's economy and its people, namely the agricultural sector and its farmers, through a case study of one village, Kafr Nurah. The aim is to outline the impact of agricultural policies (and specifically the structural adjustment policies) enforced by the state, on households and individuals in rural Egypt. With a more detailed study of an Egyptian village, this research is an attempt at showing how the international political arena can influence individual farmers and their families.

The fundamental question which this research will try to answer is whether structural adjustment is a strategy which
through the very nature of its aims accentuates social polarisation. With a focus on the agricultural sector, the question becomes whether structural adjustment in agriculture increases rural differentiation and whether Egypt’s rural production structure is being transformed from a system of small holder production to one of production on large farms or estates. In other words, the research aims at determining if the livelihood of Egypt’s small holders is threatened by the state’s agricultural policies of the 1990s.

It was decided that, to accomplish the task, a detailed case study of one village in the Nile Delta would be necessary. Using the tool of fieldwork, I set out to gather the necessary information to answer the research question. The following section will explain the choice of village and research methodology, while shedding light on difficulties experienced during research.

1.2 Research Methodology

The site that I chose for my fieldwork was Kafr Nurah, a Nile Delta village situated in the governorate of Gharbiya, in Egypt. This specific village had been chosen for various reasons:

- Kafr Nurah lies in the old lands where agriculture has a long-standing and deep tradition,
- the village is average-sized and the largest number of farmers belongs to the category of ‘small holder’, and
- I was already acquainted with the village prior to this research.
Some of my extended family members originate from Kafr Nurah and a few still live there. As a child, I used to spend many weekends in Kafr Nurah, playing with village children, riding the donkey, taking the cattle out to the fields with a farmer friend, and listening to the stories women recounted in the evening while seated in front of a small fire, grilling maize cobs or preparing very sweet and dark tea.

This familiarity may be viewed as having either a positive or a negative effect on the research. On the one hand, the researcher is known to the village members and can win their trust more easily than an outsider, but on the other hand, information can be distorted, due to the interference of personal emotions and family politics. Overall, it can be argued that there are advantages and disadvantages in being either an outsider or an insider. For the accuracy of the research it is, therefore, important to be aware of the limitations, and if they are included in the final analysis their negative effects can be more or less eliminated.

During my fieldwork in Kafr Nurah, I was staying in the house of a family member. I commuted between Cairo and the village, spending 4 days in Cairo, followed by 3 days in the Kafr Nurah. Thursday and Friday turned out to be the best days for having interviews. Farmers were primarily available after sunset and on Friday just after the Friday prayers.

---

2 see discussion in Altorki & El-Soh (1989)
The research techniques used were anthropological and qualitative in nature. Participant observation, semi-structured, and in-depth interviewing were the main methods applied. I prepared a list of questions that were to help create a general picture of the village. Guiding questions were also formulated for the interviews with small holders and large-scale farmers, for an employee of the agricultural bank, and for traders. These semi-structured questionnaires aimed to direct the interview and to act as a reminder of the themes that had to be discussed. Often, I found myself side-tracking into areas and topics that turned out to be of major importance or interest for the research. Sometimes, questions were left unanswered after the first interview and I had to meet some persons up to 4 times to get a reasonably complete understanding of their farming activities and their household strategies. I tried to make the interviews informal and used a lot of open-ended questions to give the interviewee space for expressing himself.

Six farmers were interviewed in depth, but I grasped every chance of talking to villagers about the issues at hand and related topics. Through simple observation, I managed to accumulate further knowledge. The persons I interviewed in depth came from different backgrounds: three of them belonged to the category of farmers with land holdings of 2-5 feddans and three were farmers with over 10 feddans. Interviews were also arranged with an employee of the Local Agricultural Co-operative, another working in the local branch of the Principal Bank for

3 see Appendix
4 1 feddan is composed of 24 qirats and equals approximately 4200 m², 0.42 hectares or 1.038 acres.
Development and Agricultural Credit, and with two village traders. Wives of farmers usually joined the interviews and their comments were included in the gathered information. The interviews with the two government employees were conducted in the house of my relative residing in the village. Two of the large-scale farmers and one trader also preferred meeting me there. The other farmers and the second trader were visited in their homes.

The number of persons interviewed formally is small, since the time available for the fieldwork was limited and the aim was to acquire an understanding through in-depth qualitative study, rather than through the collection of quantitative data. The research was conducted from mid-June throughout August 1995 and in September I had to go back to the village for one weekend to complete data collection. All the people I intended to interview were willing to meet me, except for one large-scale farmer who was working at the local branch of the PBDAC and who was worried that I would report him to the Agricultural Ministry. Apparently he was involved in the fertiliser distribution process of the PBDAC and would sell quantities to private traders instead of to the farmers who are entitled to it. He also dealt with farmers' loans, but I could not find out more, except that most villagers agreed that he was involved in "dirty business". One of the traders was also worried about the interview because his shop was not registered and because he charged interest on what he sold on credit. He did not mention this in the interview, but villagers told me about it. Evidently, family politics intervened in this case. These two people were distressed by the
idea of being interviewed, because they identified me with my
father who works in the Ministry of Agriculture and Land
Reclamation. They had something to hide from the government and
were afraid my father might disclose it. I solved the problem by
assuring them that even the real name of the village would not
be mentioned and during the interview they realised that none of
the questions were about anything they might not want to
mention.

For the interviews I wore a galabiya\(^5\) and tied my hair
back. I carried my sheet of guiding questions, a small note book
and a pen. At the beginning of the interview, I would remark
that I needed the questionnaire in order not to forget to ask
any of the questions. I also explained that I would have to note
a few things down, because I would not be able to remember
everything they said, but nobody seemed to mind. I usually went
back to my room immediately after the interview and sat down in
front of the computer to type in my fieldnotes. Sometimes, when
I had two interviews in a row, I was not able to record
everything before several hours later, but generally I would
manage to do so on the same day.

The fact that I was a Cairene woman doing research in a
village and about a topic that was generally seen as masculine
astonished most of the people I interviewed. Generally, people
were friendly and patient. A few farmers became very
enthusiastic during interviews after they realised that I was
genuinely interested and did know more than they expected. The

\(^5\) The **galabiya** is a traditional dress in Egypt, which is very long and also has
long sleeves.
government employees of the PBDAC and the agricultural co-operative were more difficult to talk to, presumably due to their perception of me, as a woman in an Arab Islamic country. I do not believe that I was able to convince them of my serious interest in the matter.

A problem that I faced throughout my research was concerned with the availability and accuracy of information. Tables on land holdings listed in the agricultural co-operative did not add up to the size of land in Kafr Nurah. Population estimates varied substantially and farmers sometimes gave me contradicting explanations for specific issues. I resolved these problems as best as I could and tried to get more opinions where possible.

Before proceeding further, the following section will briefly outline the structure of this study.

1.3 Structure of the Thesis

This first chapter of the work spelled out the questions being researched and described the methodology used for research. In the second chapter a description of Egypt’s economic situation in the decades prior to the structural adjustment programme is given. The aim is to place the consequent discussion on structural adjustment and agriculture (chapter three) into a historical context. The third chapter will additionally present the theoretical underpinnings of the research, around which the rest of the
work is organised. Chapters four through nine deal with the actual information gathered during the fieldwork. A description of the village under research, Kafr Nurah, is given in chapter four, while a case study of one small holder, Abu Mohammed, and his household is presented in the following chapter. Chapters six, seven, eight, and nine each deal with one significant aspect in the lives of Kafr Nurah's farmers. Chapter six analyses farmer's access to land and looks at the effects of a new tenancy law that was legislated in 1992 as part of the structural adjustment programme for the agricultural sector. The most important government institutions that influence farmers' lives are the agricultural banks and co-operatives. The significance of institutional changes in response to new policies are analysed in chapter seven. Chapter eight deals with market liberalisation, a corner-stone in structural adjustment, and the implications for farmers, whereas chapter nine examines labour markets and farmers' strategies of livelihood. The conclusion will attempt to sum up findings and to answer the research question as presented in chapter one.
CHAPTER 2:

THE EGYPTIAN CONTEXT

1.1 Economic Crisis in Egypt

Since the late 1980s, Egypt’s economy has found itself in a crisis which was characterised by macro-economic imbalances in the form of enormous gaps between investment and domestic savings and in its Balance of Trade/Payments (i.e. between imports and exports). Large and increasing government deficits were typical since the end of the oil-boom in the mid-1980s. They were financed almost entirely by international borrowing, leading to the country’s increased indebtedness.\(^6\)

Then and now, rapid population growth poses major challenges with regard to employment creation, the provision of government services (mainly in health, education, and infrastructure) and food security. Poverty levels have been increasing and the Egyptian government is faced with the difficult task of improving standards of living and alleviating poverty under the above mentioned conditions.

It has been argued by the IFIs, and many other careful observers of the developments in Egypt’s economy, that policy

\(^6\) Richards (1991:1722-1723)
reforms that reduce and limit the role of the state form the underlying pre-condition for any amelioration of such prevailing conditions. After negotiations between the Egyptian government and the International Monetary Fund (IMF), which started in May 1987, a structural adjustment programme (SAP) was finally agreed upon by both parties, in November 1991. Since then, the Egyptian government has gone far with the implementation of the demanded policy reforms, but the results have been mixed. Some critics have hailed Egypt as an economic success story, while others have viewed the current international strategy for economic reform as one where the reduction of inequalities and poverty alleviation are not sufficiently addressed. Neglecting the poor and marginal at the expense of improving living standards for those who belong to the better-off sections of the society, structural adjustment (SA) is, thus, increasing social differentiation instead of reducing it. The question that inevitably arises, is whether a SAP can in effect bring Egypt, or any other developing nation with similar attributes for that matter, on to a path of sustainable development.

Before going into any depth about the nature of structural adjustment in agriculture, it is necessary for an overall understanding to draw a general picture of the agricultural sector in Egypt in a historical context. Therefore, the next section will look at Egypt’s economic policy environment since the 1952 Revolution, with a specific focus on the agricultural sector.

---

2.2 The Agricultural Sector in Egypt

The agricultural sector in Egypt has played a major role in the development of the country throughout its history. Agriculture constitutes the most important source of national income, although the sector’s share of GDP and of total employment has been diminishing rapidly up to the present. According to the World Bank figures for 1970, agriculture accounted for 29 percent of GDP, compared to 18 percent for the year 1993<sup>8</sup>. Between 1970 and 1975, 49 percent of the labour force (ages 15-64) was engaged in agriculture. This figure decreased to 46 percent in the period from 1980 to 1985 and is expected to have declined further in the 1990s<sup>9</sup>.

The overall performance of Egypt’s agricultural sector has been highly problematic since the early 1970s. The sector has been neglected in favour of industrial development throughout the 1970s and 80s, resulting in a food crisis, which manifested itself in too low rates of growth in the local production of food grains relative to the rapid growth in population numbers<sup>10</sup>. Since 1974, Egypt has become one of the world’s biggest importers of grain, whereas export trends have been stagnant, or even declining, like in the case of cotton, one of Egypt’s major export crops. By the mid-1980s, the agricultural sector in Egypt was running an annual net trade deficit of about US$ 3 billion<sup>11</sup>.

---

2.3 The Historical Context

The present situation in which the Egyptian economy finds itself cannot be explained simply by looking at the macro-economic data available. Data have to be placed in a wider historical and socio-political context for them to be useful in understanding the trends and developments that took place and are still taking place. Additionally, it is vital to consider the micro-level beside the macro-level, because it is only through the interrelation between the 'local' and the 'global' that problems can be identified in a dynamic, rather than a static, approach. This research is an attempt to study the micro-level in more detail and to place it within the wider national and international structures.

For a better comprehension of the present conditions in Egypt's countryside, therefore, this research will proceed by first looking at the different recent periods of political leadership and their policy implications for rural development. Starting with the Revolution of 1952, lead by Abdel Nasser, and subsequent reforms, then moving to the infitah (Open-Door policy) period under Sadat, this chapter will end by looking at the structural adjustment policies presently being enforced under the presidency of Mubarak.

Since the 1952 Revolution, the organisation of Egyptian agricultural production has undergone more than four decades of rapid change. Transformational processes were and are still taking place at an enormous pace, influencing the
agrarian structure and features of the country's rural areas. In order to be able to develop an understanding of the processes and structures that shape rural Egypt today, it is necessary to place them within their historical context.

2.3.1 Rural Egypt before 1952

It has generally been argued that the Egyptian countryside was characterised by sharp and ever increasing levels of inequality. The number of landless families was growing relentlessly and big landowners were accumulating more and more land under their control. The agrarian reforms that were undertaken by Abdel Nasser after the 1952 Revolution, therefore, have to be viewed in the light of the above described situation, which characterised rural Egypt.

2.3.2 Agrarian Reforms Under Abdel Nasser (1952-1970)

The history of contemporary Egypt begins in July, 1952 when the Free Officers, under the leadership of Gamal Abdel Nasser, overthrew the monarchy and ended British military presence and influence in the country.

According to Holt and Roe four economic decisions taken by Abdel Nasser were of major importance for the country's future development: "(1) the sweeping program of public ownership, (2) the employment guarantees, (3) the consumer subsidies, and (4) the land reform". Nationalisation of commercial banks,

---

12 Abdel Fadil (1975)
13 Holt and Roe (1993:180)
insurance companies, commercial agencies for foreign trade were followed by the placement of almost the entire non-agricultural sectors of the economy under public ownership and control. In 1964, the government announced that it would thereafter guarantee all university graduates employment in what would then become an enormous government administrative complex, the Egyptian bureaucracy. Commitment to the principles of the welfare state resulted in government consumer subsidies, especially for food and energy. These subsidies created price distortions in the entire economy which, in the agricultural sector, resulted in disincentives for agricultural producers and more capital-intensive production techniques than would otherwise have been prevalent. The largest impact on agriculture was effected by the regime’s agrarian reforms\textsuperscript{14}.

The aim of the agrarian reforms was to enforce a land redistribution programme which would radically change the social and political make-up of the Egyptian countryside. It intended to redistribute wealth, income and social power by expropriating land from the ruling oligarchy, which had its roots in large estates\textsuperscript{15}.

The agrarian reform was composed of several phases, the first of which involved passing a law in September 1952, which limited the ownership of land to 200 feddans for an individual with an additional 100 feddans, if transferred to immediate

\textsuperscript{14} I prefer the term "agrarian reform" to "land reform", since the reforms implemented in the countryside resulted in changes that went beyond the redistribution of land, to include rental law and the creation of a co-operative structure which provided agricultural inputs and handled marketing.

\textsuperscript{15} Abdel Fadil (1975:7)
family members. Excess land was to be distributed to peasant cultivators in plots of up to 5 feddans. A second reform law was passed in 1961 and it reduced the ceiling of individual holding to 100 feddans and 200 feddans for the family. This was further reduced in 1969 to 50 feddans per individual and 100 feddans per family. At the end of this period roughly 9 percent of Egypt's total cultivated land had been passed over to new owners.\textsuperscript{16}

Another very important feature of the agrarian reform was the new rental law: it fixed rents on land at seven times their tax on landed property and also gave tenants rights of utility over the land, which were to be inherited: "Thus through these changes in land ownership and tenancy, the Egyptian state ensured the sanctity of private property and reinforced small peasant production as the predominant form of production within Egyptian agriculture."\textsuperscript{17}.

In addition, the new laws had several other long-term effects: "They implied the reorganisation of the agricultural sector to meet the needs of the new emerging class of landowners, and the consolidation of state control over agricultural production, and its marketing."\textsuperscript{18}. These processes occurred as a result of the fact that peasants who received land during the redistribution program were obliged to join agricultural co-operatives established by the state. These co-operatives were to provide inputs (fertilisers, seeds, pesticides, etc.) and were responsible for the organisation of

\textsuperscript{16} Owen, Roger (1986:81) and Waterbury (1983:265,266,281)
\textsuperscript{17} Glavanis and Glavanis (1983:48)
\textsuperscript{18} Rouchdy (1992)
plot cultivation according to a uniform crop rotation pattern. Credits were available at the agricultural co-operative and after harvesting, the marketing of the produce was also arranged.  

2.3.3 Open-Door Policies Under Sadat (1970-1981)

In September 1970, Abdel Nasser died and was succeeded by his vice president Anwar El Sadat. Sadat very quickly reversed Abdel Nasser’s pre-1967 economic policies, which by then had resulted in an inefficient economy based on structural rigidities and a strategy of import-substitution industrialisation. The ‘new’ policies were based on the liberalisation of trade and led to tremendous increases in Egypt’s level of imports, especially of food, between 1972-75. The structure of public ownership was partly dismantled, private ownership was encouraged and foreign investment became legal and even profitable.

In the last half of the 1970s, the economy grew at unprecedented rates of an average of 6.2 percent per capita GNP growth and a GDP growth of 10 percent per year. This period of growth was mainly propelled by two factors: a more efficient allocation of resources than in the Abdel Nasser period and a sharp increase in foreign exchange earnings. The oil-boom, related petroleum exports, earnings from the Suez Canal, remittances of Egyptian migrant workers, tourism, and foreign aid were mostly responsible for this foreign exchange.

17 Owen (1986:82)  
18 Holt and Roe (1993:188)
increase. As a result, effective consumer demand also increased tremendously and the country's capacity to import (final goods and services and intermediate factors of production) improved considerably. Real growth might have been relatively high, but government's fiscal deficits were as high and averaged 16.5 percent of GDP for the period of 1975-80. Growth was urban-biased though, which reflected itself in the average annual growth rates of manufacturing relative to agriculture. The manufacturing sector grew at 6.9 percent, whereas agriculture only grew at a rate of 2.9 percent during the same period (1973-79).21

In the agricultural sector and at the micro-level, it can be argued that, in the Egyptian countryside, Sadat's policies started a gradual erosion of peasant gains that continues until the present.

"Sadat tried to extend his authority by developing a social base among land owners. He did that by promoting the desquestration of land acquired in the Nasser years. And after 1975, he pushed for the end of a rents freeze on agricultural land, frozen since 1952; the abolition of the disputes committee that handled conflicts between landowners and tenants; the erosion of any political functions of the agrarian reform co-operatives in 1976-77, (....) and an increase in the reconsolidation of 'agricultural land in the hands of wealthy landowners through purchase and court action'".22

Sadat continued the policy of subsidisation of basic consumer goods (mainly food and energy) to provide for a

---

21 Holt and Roe (1993:191, 189)
22 Bush (1994:18)
rapidly growing urban population characterised by poverty and inequalities in income distribution. This urban-biased development policy was the major factor contributing to the decline of Egypt’s agricultural sector. Pricing policies not only provided disincentives to producers of agricultural products, they often also distorted price signals and were for example blamed for the decline of cotton production, despite Egypt’s comparative advantage on the world market for this crop.

2.3.4 Structural Adjustments Under Mubarak (1981–present)

After the assassination of Sadat, vice-president Hosny Mubarak moved into his office. Mubarak made no dramatic changes in his first years of presidency. The economy continued to be composed of a complex “mix of some relatively free areas and considerable government control and ownership”\(^\text{23}\).

Under Mubarak, and especially since the mid-1980s the Egyptian economic crisis took on worrying dimensions. The dependence on foreign exchange receipts from oil sales, remittances and the Suez Canal lead to a current account which was acutely vulnerable to external shocks (as the Gulf Crisis of 1990 later displayed). Foreign exchange coming from the above sources formed 40 percent of GDP by the mid-1980s, compared with just 6 percent in 1974. The balance of payments deficit reached 15 percent of GDP in 1986 and the budget

\(^{23}\) Holt and Roe (1993:187)
deficit accounted for about 23 percent of GDP during the same period. In 1989, Egypt's debt service obligations were approximately 40 percent of total foreign exchange revenues and an increasing dependence on foreign aid earnings marked the economy.\textsuperscript{24} Export earnings stagnated and even declined for some products, and inflation rates soared, reaching a high of 25 percent in 1987\textsuperscript{25}.

It is in the light of this background that contemporary life in rural Egypt has to be viewed. Before proceeding by looking at the micro-level at the hand of a description of a village in the Egyptian countryside, it is necessary to present the current development strategy adopted by the Egyptian government and its effects in more detail. The following chapter will, therefore, look at structural adjustment and its effects on agriculture and farmers in Egypt, while presenting the theoretical underpinnings of the research.

\textsuperscript{24} Bromley and Bush (1994:202)
\textsuperscript{25} Holt and Roe (1993:198-199)
CHAPTER 3:

STRUCTURAL ADJUSTMENT AND AGRICULTURE

3.1 Structural Adjustment and Agriculture

The agricultural sector in Egypt has undergone major changes within the last 15 to 20 years. Policy reforms have acted to improve farmer's incentives and to diminish the distortions that have impacted the sector's development and potential. The adoption of this direction of development in agriculture can be seen as the merit of mainly one man, Youssef Wally, who has been Minister of Agriculture and Land Reclamation since the early 1980s. Wally has been described as the "main architect behind liberalisation in the countryside" and has been strongly supported by the USAID in his policies.26

The first significant reforms were introduced in 1986, within the framework of an agricultural sector strategy for the 1990s. These reforms were part of the decision of the Egyptian Government to adopt the IMF and World Bank approach to structural adjustment in order to alleviate the major imbalances that plague the macro-economic structure of the country's economy. According to a World Bank country report, the aims of the agricultural sector reforms are to ensure food security and to raise the living standard in rural Egypt, despite the limited amount of arable land, limited water resources, and a rapidly

26 Bromley and Bush (1994:206)
growing population, which are seen to be the major causes of poverty.²⁷

In the light of the structural adjustment programme, which is intended to help Egypt transform itself from a highly interventionist centrally planned economy to a decentralised economy functioning on the principles of a free market, a comprehensive economic and social reform programme was launched in March 1990. This programme is a major break from previous government policies. The agricultural sector plays a leading role in this reform process, since the first applications of market liberalisation already took place there in the mid-1980s.

Looking at the implementation of the reform programme, it is apparent that the liberalisation of agricultural production displays the most progress, compared to the other sectors of the economy. Producer prices, delivery quotas and all production regulations have been liberalised, except for sugarcane. Input markets for fertilisers, pesticides, seeds have been privatised to a large extent, whereas import and export constraints have been abolished. Agricultural public sector projects are being sold to the private sector, and the creation of a market in land has been accelerated by passing law No.96 of 1992 which re-defines the relationship between the land owners and tenants²⁸. The land rent has been raised from 7 times to 22 times the land tax and there is supposed to be a completely free market in land after 1997. By then, tenants are expected to return, buy, or rent at free market prices the land they were renting under the

²⁷ World Bank (1992)
²⁸ Bromley and Bush (1994:209)
old tenancy law from the original landowners. Another component of the reforms addresses the problem of having to restructure all public organisations, like the Principal Bank for Development and Agricultural Credit (PBDAC) and the system of agricultural co-operatives. A new co-operative law has not been legislated yet and the restructuring of the administrative body of the agricultural sector is generally seen as the biggest challenge facing the reforms.\textsuperscript{29}

The economic and social effects of these reforms are expected to be enormous. Since the mid-eighties production has markedly increased, especially in the production of wheat, maize, and rice. The expected increase in horticultural production (where Egypt has a comparative advantage) has not been significant. Nominal production prices have increased, but this can be attributed principally to a decrease in the indirect taxation (e.g. subsidisation of agricultural products at the expense of their producers) of the agricultural sector. Real increases in production prices can only be noted for cotton and wheat.\textsuperscript{30}

The population in Egypt living below the poverty line has increased from 12.3 million in 1980 to 17 million in 1990. About 50 percent of Egypt’s population receives a yearly average income below US$ 250. In the last few years, the situation has deteriorated further.\textsuperscript{31} The factors that contributed to the

\textsuperscript{29} Sadowski (1991) and Okonjo-Iweala and Fuleihan (1993:132)
\textsuperscript{30} Gertel (1994:VI)
\textsuperscript{31} I rely heavily on Gertel’s work (1994), which combines aggregate data and fieldwork (Participatory Rural Appraisal). I was part of the team responsible for gathering information from the field for this study, in Spring 1994.
present situation can be seen as outcomes of the reform program. According to the IMF and the World Bank, the present phase, where poverty and income imbalances are increasing, is expected to be of "short-term" duration, but the adverse effects of the structural adjustment policies have so far been of great magnitude. Evaluating some of the results in the agricultural sector alone, several points have to be considered:

1. an increase in agricultural input prices,
2. a reduction in subsidies on food products, energy, and public transportation, and
3. a decrease in real wages for agricultural labour,

which have all acted to enhance the process of socio-economic polarisation in rural Egypt and between rural and urban areas in the country. Other developments include the development of new private monopolies, like in the marketing of fertilisers, the increase in the cost of veterinary services, and the expansion of informal credit markets with high interest rates. As a result cattle and poultry have become a type of short-term investment, where little care is given to their health. Loans are taken on agricultural land and financially indebted farmers sometimes have to sell their land. Another adverse effect of the reforms has been the development of new market risks. Fluctuations on the world market affect the household at the local level directly, since the government has been gradually withdrawing its cushioning effect (subsidies, etc.).

---

12 Gertel (1994:VII)
3.2 Rural Differentiation in Egypt

Lenin once argued that with the penetration of capitalism into agrarian structures “the sum-total of all the economic contradictions among the peasantry constitutes ... the differentiation of the peasantry”\(^{33}\) and that this process is not confined to the emergence of inequalities in property relations, which only constitutes its starting point. The entire peasantry is eventually dissolved and ceases to exist in its old form. A ‘rural bourgeoisie’ and a ‘rural proletariat’ emerges, leaving the ‘middle’ peasantry as a dwindling feature in the countryside (through the process of ‘depeasantising’). The rural bourgeoisie and the rural proletariat are linked by the commodity and money character of their economy.\(^{34}\)

The existence of socio-economic differentiation amongst households in agrarian societies has generally been accepted. What remains to be examined is the proposition that a process of increased rural differentiation will eventually lead to small holder’s disappearance and the emergence of new types of rural inhabitants. The major response to differentiation pressures in the Egyptian countryside has been the rural population’s search for alternative sources of income, by, mainly, increasing engagement in off-farm activities. Determining whether rural differentiation is taking place in the face of farmer’s adaptive survival strategies is a question that can only be answered after a more detailed analysis of life in

\(^{33}\) Lenin (1899:131)

\(^{34}\) Lenin (1899)
Egypt's countryside. Therefore, we will, firstly, deal more closely with the idea of rural differentiation, before moving on to the description of a village in the Nile Delta.

In an attempt to evaluate the outcomes of the agrarian reforms under Abdel Nasser's regime, Robert Springborg has analysed the data of the 1962 Egyptian agricultural census\textsuperscript{35}. According to his analysis, the census (published in 1988) establishes several trends:

- a growing inequality in the access of land,
- the division of Egyptian agriculture into "an impoverished peasant sector on the one hand and a larger relatively well-capitalised sector on the other",
- a consolidation of holdings by larger farmers and land loss by small holders, and
- a traditional peasant agriculture which is becoming increasingly "proletarianised".\textsuperscript{36}

Clearly, Springborg's findings should not be accepted at face value, especially since they depend on aggregate national statistics, which have proven over and over again to be inaccurate and sometimes even misleading\textsuperscript{37}. Nevertheless, this work will use Springborg's results in combination with Gertel's findings\textsuperscript{38} for the analysis of the process of rural differentiation in Egypt. Bush's work on coping strategies in

\textsuperscript{35} Springborg (1990:28)
\textsuperscript{36} Springborg (1990:28)
\textsuperscript{37} Springborg (1990:28)
\textsuperscript{38} Gertel (1994)
response to structural adjustment pressures\textsuperscript{39} will, mainly, be used to demonstrate the counteracting forces to this process.

Gertel has argued that the agricultural reform program which was developed in the light of structural adjustments, has clearly divided people working in the agricultural sector into 'winners' and 'losers'.\textsuperscript{40} Among the 'winners' are the large farmers (with farms of more than 5 feddans), traders, and merchants. Farmers who have 5 feddans or more constitute less than 10 percent of all farmers, but they hold 47.5 percent of Egypt's agricultural land. They have access to cheap agricultural labour, formal credits, new technology, machines, and land. With the withdrawal of the state, merchant and traders have been increasing their control on input-markets and on the marketing of agricultural products. 'Losers' from the economic reforms are small scale farmers (who farm 5 feddans or less). They constitute 90 percent of all farms, but they work on only 52.5 percent of the agricultural land. Additionally, there are the landless and daily labourers, bearing in mind that the small holders also depend on income from waged labour. Real incomes in agriculture have decreased and labour markets are uncertain. For tenants, the increased rent is another adverse factor. For women on small scale farms the situation has deteriorated in particular, due to the increased amount of labour considered women's responsibility, while the other members of the family seek off-farm employment and daily labour. The most vulnerable group at the moment seems to be the 450,000 small tenants (on 20 percent of Egypt's agricultural land) who, because of the new

\textsuperscript{39} Bush (1995)  
\textsuperscript{40} Gertel (1994:VIII)
law reform from 1992, face losing the land they live off in 1997. And with the land they are losing their basis for social reproduction. Further, they are expected to pay higher rents after Law No.96 (around L.E. 600 per feddan, depending on the quality of the land), which approximate their average incomes per feddan in 1991.41

The typical Egyptian fellah is characterised by small holder agriculture, a mixture of production for the market and for household consumption. The central role of the small holder for Egyptian agriculture has been remarked over and again42. Placing these farmers into Lenin’s framework would indicate the possibility of their gradual disappearance as they differentiate into capitalist farmers and rural landless. Since Egyptian agriculture is based on small holder production, it is apparent that consequences might be distressing. Recent policies that liberalise the agricultural sector seem to neglect the interests of exactly this group of the rural population, namely the farmers who farm up to 5 feddans43. The aim is to increase agricultural production, but it has been argued that price incentives resulting from structural reforms will not be able to induce rises in production levels in the long-run. According to Bush44 two reasons seem to stand out:

1. the inadequacy of pricing policies which have resulted in a situation where increases in input costs for production

41 Gertel (1994:VIII)
42 Abdel Fadil (1975) and Hopkins (1993)
43 Bush (1995)
have often more than outweighed payments received for the agricultural output, and

2. the fact that Egyptian agriculture has one of the highest productivity levels in the whole world and substantial further increases in production, therefore, seem unlikely.

Small farmers’ ability to generate cash for all kinds of purchases (cattle, land, agricultural equipment and machinery, agricultural inputs or expenses for the construction of houses and weddings) has been greatly undermined by the new pricing policies and, further, by the new tenancy law, Law No.96 of 1992. This law has also negative impacts on Egypt’s small farmer who typically rents in land in addition to the little he already owns. It will possibly deprive him of part or in some cases of all the land he has been farming and living off. In some instances, he will not be able to qualify for agricultural credit, which is tied to the ownership of land. Under the old tenancy law, a tenant could qualify, since the tenancy was for life and rights listed in the contract could be passed on to children and grandchildren. On the other hand, the inhabitants of rural Egypt have increasingly been engaging in off-farm activities to ameliorate household income.

Consequently, it can be argued that there exists a wide gap between the agricultural strategy for development followed by the government under the auspices of the IMF and the World Bank and the interests of the rural poor who form

---

45 More on Law No. 96 of 1992 and its effects can be found in chapter 5.
the majority of the Egyptian countryside. The question that has to be posed is, whether these people will survive the present hostile economic environment. In the discussion on the consequences of structural adjustment for Egyptian farmers it has been maintained that the rural inhabitants are finding ways of ensuring their livelihood. Migration and non-farm activities have been increasing since the infitah era and have now become more significant than ever. Practically every peasant household has one or more members working outside the village or engaged in non-farm activities like trade or transport ('exit strategy'). Bush identifies additional processes which aid the peasants in coping with their hardship. These are the intensification of the labour process, the greater participation of women (in poultry rearing and dairy production), and the increased petty commodity production for the market ('commercialisation strategy').

This research sustains the idea that the Egyptian small holders ('middle peasantry' in Lenin's terminology) will, in the long-run, not survive in their present form. They will be forced to change some of their most characteristic features in order to ensure survival. Some indications of irreversible change can already be observed in the Egyptian countryside and have been mentioned above. Besides pressures of population growth and the attraction of new job opportunities outside agriculture, state policies are also forcing small holders to create new strategies of coping. Those who face

---

47 Bush (1995:512)
advantageous circumstances may grow and rise to be capitalist farmers, while others might fall and lose their basis for livelihood in agriculture, ending up among the landless, agricultural labourers, or engaging in non-agricultural employment which often means migration away from the village altogether.

These processes are not novel in themselves, but their magnitude and extent have come to be more significant in the era of SA. What seems to be most striking about SA, is the inadequacy of its policies with regard to the fulfilment of what constitutes the most important aim of rural development, i.e. the reduction of poverty and inequality levels. In fact, it can be argued that recent reforms have clearly aggravated poverty and inequality in rural Egypt. The question is, whether the present situation is temporary and whether the negatively affected population will be able to successfully adapt and develop new mechanisms of coping.
CHAPTER 4:

KAFR NURAH: AN EGYPTIAN VILLAGE

The previously presented macro-economic picture provides the context for the social study of the rural community, Kafr Nurah, described in this chapter.

4.1 Location and Population

Kafr Nurah is a small Nile Delta village. It is situated in the governorate of Gharbiya, and administratively belongs to markaz Zifta. The village lies about 20 km East of the governorate's seat Tanta and 7 km West from the district town Zifta. It is connected to the Zifta - El Santa - Tanta asphalt road by a 2.5 km dirt track on which people, animals and crops get covered in dust whenever a vehicle passes by. In the winter, after it rains, the road, for a couple of days, is only passable by donkey or by tractor until the deep mud dries.

Kafr Nurah had a population of 3919 in 1986 and one of 5630 (between the ages of 8 and 45) in 1994. Based on the knowledge that in 1996 there are 950 households in Kafr Nurah and the assumption that each household consists of an average of 7 persons, an estimate would suggest that the village has a

---

18 Kafr Nurah is a pseudonym for the real village name.
19 Every governorate is divided into several districts, called markaz (singular: markaz), headed by a district town.
20 CAPMAS (1986:24)
21 This figure stems from a census done by the Local Administrative Unit (al-Wihda al-mahalliyya) situated in Nahtay in 1994.
population of around 6650 at the end of 1996\textsuperscript{52}. The village possesses a total land territory (zimam) of 1068 feddans, and can be categorised as an average-sized Egyptian village.

4.2 Agricultural Production System

Lying in the heart of the Delta, Kafr Nurah farms old agricultural land, i.e. rich in fertility. The most common crops cultivated in the summer season (ca. March/April-September/October) are cotton, maize, rice (for the past 2 years), and wheat, birsim\textsuperscript{53}, and ful\textsuperscript{54} in the winter season (ca. October/November-February/March). In addition, each farmer plants 1-2 qirats (24 qirats = 1 feddan) of vegetables for home consumption. Occasionally, garlic, onions, potatoes, and beans are also planted.

Cultivation in Kafr Nurah followed a two year rotation system until 1992, when the government changed it to a three year rotation system. This means that cotton for example is planted every third summer, preceded by birsim in the winter. Then maize, or recently rice, are planted in the next summer, followed by wheat or birsim in the winter season. The next summer, cotton is not planted. This system allows the soil to

\textsuperscript{52} This information was given to me by a young woman from the village (in November 1996) who was taking part in local surveying for the 10-yearly General Census undertaken by the Central Agency for Public Mobilization and Statistics. Given the fact that a population increase from 3919 in 1986 to 6650 in 1996 seems too steep, it is possible that the interviewer’s assumption of 7 persons per household on average is too high.

\textsuperscript{53} Birsim or Egyptian clover (Trifolium Alexandrinum) is very rich in proteins and is traditionally fed to the cattle.

\textsuperscript{54} Ful is called fava or broad bean in English. It is one of Egypt’s staples and is widely eaten, especially among the middle and lower classes.
recover from cotton and grains, helps to prevent soil degeneration, and keeps certain pests from becoming endemic.

4.3 **Irrigation**

A specific characteristic of Kafr Nurah, which is very important to mention in order to understand life in the village, is that there is a great lack of irrigation water. The government follows an old policy of rotating the irrigation water among villages, whereby each village is allowed to have access to water for a specific time period. Farmers in Kafr Nurah are being fed from the Shirbin Canal, but they are 'tail-enders', meaning that they lie at the end of the irrigation network. In the last 10 years Kafr Nurah has, as a result, gradually not found enough water for irrigating its fields, as water has increasingly been directed to newly reclaimed lands and water consumption for irrigation has gone up with the cultivation of rice. The water gets used up before it reaches the canals of Kafr Nurah, and when the villages that have prior access to the irrigation system in the area have taken all the water they need, the week is over and the water is shut off, in order to be directed to other agricultural areas. As a result farmers have organised and in the last 7 years have drilled many deep wells. They reach up to 40m in depth and are operated with diesel water pumps. Today, almost all fields in Kafr Nurah are irrigated from the wells: "Kafr Nurah cannot do without them." The drilling of wells and the purchase of pumps is very expensive and a system has developed by which investment
costs are shared. Usually, a richer farmer buys the pump and farmers who will benefit from the well contribute to the actual drilling expenses and to buying the pipes. The farmer who owns the pump then rents it out to the others, at L.E. 10-15 for irrigating a feddan, depending on the size of their contribution and the particular agreement. Those who have not contributed have to pay from L.E. 15-25 for the irrigation of one feddan. This system has allowed some farmers to control access to water. Rich farmers who are able to drill their own wells are better off than poorer farmers who have to pay for the water each time they need to irrigate their fields. The amount of money paid for a feddan and the particular sequence of turns are a matter of trust and good relationship with the farmer in control of the water supply.

Therefore, it is necessary to point out that in Kafr Nurah farmers already pay for their water, they use it carefully and only when necessary, contrary to the assumptions of many foreign experts who advise the introduction of a water pricing system into Egypt's agriculture⁵⁵. Additionally, it remains questionable whether farmers would in effect use less water, if they were to pay for it. I asked one farmer in Kafr Nurah if he was using less water than before because irrigation costs had risen so much. He said that a good farmer knows the amount of water needed by his land and that allowing too much or too little water can spoil the crop.

⁵⁵ see World Bank (1992)
4.3 Government Institutions, Public Services, and Facilities

Like all Egyptian villages, Kafr Nurah has access to an Agricultural Co-operative, the Principal Bank for Development and Credit (PBDAC), a Veterinary Clinic, and a Health Clinic. The agricultural co-operative is situated in the village itself. Kafr Nurah, being a small sized village, shares these government services with 3 other neighbouring villages. As a result, the PBDAC branch lies about 2.5 km away from the village centre, in Nahtay, whereas the two clinics are situated in Kafr Nuay, about 3 km away.

Kafr Nurah has a 'umday66, who was elected by the villagers 5 years ago, after the death of the old 'umday. A new law was passed in 1995 according to which villagers can nominate people from among themselves to be candidates to the post of 'umday. The government then selects the most suitable person according to its standards and appoints him to the position, which is compensated by civil servant salary. The new law has not been enforced yet in Kafr Nurah and the present 'umday serves no function and the people in the village joke about him, calling him 'umday al-ály (the mechanical 'umday). He is a descendant of the wealthiest family in the village, but with the agrarian reform under Abdel Nasser, the family lost most of its land and wealth. Islamic inheritance laws have further ensured that the land was divided up over and over again among the various family members and their offspring, leaving every member with only a small plot. Not many from the 'umday's family remained in the

66 The 'umday is equivalent to a village mayor.
village. Many sold their land and moved away to Tanta or to Cairo.

Turning to the facilities and services found in the village: Kafr Nurah was first provided with electricity in 1985 and piped treated water was first supplied in 1989. Taps were placed at four central points (village centre, in front of two mosques, and at one of the primary schools) and whoever wishes to have running water in his home, has to pay for the installation costs (including pipes and their laying and burial) himself. As a result only a limited amount of households have running water, but many have access to a hand pump\(^{57}\) in the vicinity.

**Table 4.1: Enrolment in Kafr Nurah's Koran and Primary Schools\(^{58}\)**

<table>
<thead>
<tr>
<th>Type of School</th>
<th>no. of classes</th>
<th>no. of teachers</th>
<th>no. of students</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>male  female</td>
</tr>
<tr>
<td>Koran Schools</td>
<td>15</td>
<td>16</td>
<td>226 141</td>
</tr>
<tr>
<td>Primary Schools</td>
<td>13</td>
<td>13</td>
<td>246 289</td>
</tr>
</tbody>
</table>

**Table 4.2: Educational Certificates Among the Adult Labour Force\(^{59}\)**

<table>
<thead>
<tr>
<th></th>
<th>with certificates</th>
<th>without certificates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>males  females   total</td>
<td>males females total</td>
</tr>
<tr>
<td>males</td>
<td>785    654 1439</td>
<td>412 67 479</td>
</tr>
</tbody>
</table>

\(^{57}\) These pumps are seldom built deep enough and the water they bring up is often polluted with fertilisers, cow urine, oil, and seepage from the garbage lying about.

\(^{58}\) Source: 1994 Census, Local Administrative Unit in Nahtay, ages 8-45.

\(^{59}\) Source: 1994 Census, Local Administrative Unit in Nahtay, ages 8-45.
The village has two Koran schools (*kuttab*) and 2 primary schools. The preparatory school lies in the neighbouring village about 3 km away, whereas a secondary school is only found in Zifta, 7 km away.

Girls are under-represented in the Koran schools, but equally represented in primary schools (table 1). In 1986, 1614 persons out of 2687 were illiterate⁶⁰ and from the 1994 data (table 2) it appears that the larger portion of Kafr Nurah's adult labour force is, at least, literate, although the accuracy of the data and the definitions is questionable. Additionally, table 2 shows that only very few women without educational certificates work, compared to more than half of the male labour force in Kafr Nurah.

Migration is a very prevalent phenomenon in Kafr Nurah. Unfortunately, there were no figures available on its extent, but after talking to various villagers about the phenomenon, it seems that each household has at least one member who has migrated away from the village in the last 10 years. This person might have returned, or might still be a migrant.⁶¹

In the last 15 years many shops and stores have sprung up in Kafr Nurah. Before that, there was only the government store, from which the people could buy subsidised sugar, flour, oil, tea, and rice, monthly, on a ration card. Today, villagers purchase only part of their sugar and oil needs from that store. The government store stopped distributing

⁶⁰ CAPMAS (1986:164)
⁶¹ More on migration in chapter 8.
flour and rice, while the tea "is of very bad quality" according to the people of the village. Since there is no government bakery in Kafr Nurah, most households bake their own bread approximately every ten days. When a family member is on an errand in Nahtay or Zifta, he/she might bring back some bread from the government bakery, which sells subsidised bread.

Shops and stores in Kafr Nurah display a wide range of commodities. One shop sells cheap cloth, and several are specialised in daily needs such as food, household utensils, and washing detergents. Coca Cola and other soft drinks are sold in various places throughout the village. When I visited households, some youngster would usually be sent off to buy a bottle of the orange or brown drink for 'the visitor'. I was rarely offered tea, even when I visited in the evenings. I think that this was partly because people assumed that the dark tea would be too strong for a Cairene woman of semi-German origin.

Walking through the village one evening, on my way to visit another household, I was struck by a store that displayed a few carpets, televisions, radios, simple washing machines, lamps, plastic flowers, small tables, a big wooden bed and cupboard, and kitchen utensils. I was told that this is the shop in which young men and women shop for what they need in their own rooms or households when they get married. This shop had been recently opened and the villagers said it was more expensive than stores in the larger towns. It will
be interesting to see whether it will still be doing business in a year or two.

What Kafr Nurah really lacks, according to most of the women I talked to, is the possibility of buying fruits and vegetables. There are some street vendors who sell tomatoes, potatoes, parsley, dill, onions and whatever vegetable is available. Choice is limited and the vegetables are often not very fresh, prices are also much higher than in the weekly markets of Shoubra and Nahtay. Women have to walk up to 3 km to shop for cheaper vegetables, or they have to take one of the privately operated 'pick-ups' (usually Toyotas, Nissans, Cheverolets, or Bedfords) for 25 piastres one way, that serve as the only form of transport to Nahtay or Zifta.

In general, most daily needs are available within Kafr Nurah, although at slightly higher prices. The women prefer going to markets in Shoubra, Nahtay, and Zifta and they do so at least once a week. Men often also prefer going there and buying seeds, pesticides, farming equipment, and to a lesser extent fertilisers, from these small towns.

4.6 Conclusion

In some respects, Kafr Nurah, compared to other villages in Egypt, is not unique in any way. Difficulties and economic pressures felt by its inhabitants are, in one form or another, experienced in other parts of rural Egypt as well. Visible trends can often be generalised, nevertheless, I want
to stress the specificity of the present case study. Additionally, I want point out once more that fieldwork can be very illuminating at the community level, but that it has to be placed into the wider context in order to yield valuable insights into structures and processes at hand.

After this general description of the studied village, the following chapter will try to establish a general understanding of what it means to be a small land holder in rural Egypt. Again, caution is necessary while distinguishing between the general and the specific.

6.1 Aya Mohamed - A Household

Aya Mohamed is in her early thirties. She is married and has four children: two girls and two boys. She lives in the village centre, which consists of houses and small shops and is made of small, inexpensive bricks. Aya Mohamed and her family spend most of their time working on their land. For two years she has been in a CA project, where she has received training in agricultural techniques. She has also been introduced to the use of modern machinery. Although her land is considered small, she has managed to increase her crop yields significantly. The family is now able to produce enough food for their needs and some can be sold to increase their income. They have also been able to save money for future expenses.
CHAPTER 5:

ABU MOHAMMED AND HIS HOUSEHOLD: AN EXAMPLE

This chapter is an attempt at drawing a picture of an average small holder living in Egypt’s countryside, his agricultural activities and household strategies of coping. It aims at bringing life in rural Egypt closer to readers who might not be familiar with it. Abu Mohammed\(^{62}\) is one of the farmers I interviewed during my fieldwork. He was chosen as an example, because, through his household and its activities, the issues of concern for this study can be nicely outlined and expressed.

5.1 Abu Mohammed’s Household

Abu Mohammed is in his mid-thirties, he is married and has four children, two girls and two boys. His house lies in the village centre, where streets are narrow and most houses are made of ‘adobe’ (mud bricks). Abu Mohammed was fortunate enough to have worked for two years as a driver in Saudi Arabia, where he had earned enough money to build a house of bricks, coated with cement. He introduced the first television in his street, although it can be considered outdated now, when compared to the electrical appliances found in other households. He owns one feddan and shares the rent for one feddan bil-dariba\(^{63}\) with his brother. They inherited the rented feddan from their father.

---

\(^{62}\) Personal names used in this paper are all pseudonyms.
\(^{63}\) With the regulations of the old tenancy law, prior 1992. See chapter 3, p. 21-22 on new law as opposed to old law.
after his death and pay its owner L.E. 555 every year. Before Law No. 96 of 1992, which increased the rent from 7 times the tax to 22 times the tax, Abu Mohammed and his brother were paying ca. L.E. 177 a year for this feddan. Work and expenses on this feddan are shared equally, and so is the harvest. Abu Mohammed owns a fully grown female gamusa with her seven months old calf and another gamusa of about 18 months. A sheep, chicken, a few ducks, and pigeons are also found in the livestock shed constructed next to the house.

5.2 Rice Cultivation

In 1995, Abu Mohammed and his family were facing many difficulties. For the second time, Abu Mohammed had planted rice on his land. Although the government now allows farmers to plant according to their preferences, he was not free in choosing his crop because he had to plant what everybody around him was planting. Since farmers on the neighbouring fields had decided to have rice that summer season, and since this crop needs a lot of water, which would ruin any other crop planted in adjacent fields, Abu Mohammed was forced to plant rice as well. Unfortunately, the same happened for the feddan that he is renting together with his brother, where they also had to plant rice.

Why did many farmers decide to plant rice, and why did Abu Mohammed not seem very happy about the fact that his land has also been devoted to this crop? For one thing, having rice on the land means that a farmer cannot have any maize on it, which in turn means that the livestock (in particular, the gamusas)
have to be fed on bought dry animal fodder\textsuperscript{64} and purchased maize leaves. Since the life of the farmer, especially the small scale farmer, revolves around his cattle\textsuperscript{65}, the lack of cheap fodder poses a serious problem. A rice crop might be rewarding, as it was in 1994 (up to L.E. 800 per ton where a feddan can produce 3-4 tons), but operating costs are also higher than for other crops. Since rice has to be watered every 3-4 days, Abu Mohammed agreed to pay the owner of the water pump a lump sum of L.E. 250 for the whole rice season. Until the time of his interview, the feddan needed about L.E. 100 for the rice seedlings, and two sacks of malh\textsuperscript{66} or sulfat nashader\textsuperscript{67} at L.E. 24 a sack. The distribution of seedlings he undertook with his wife and his two older children, in order to save the L.E. 100 which he would have spent on wages for labourers. Another disadvantage of rice is that it stays on the land for 4-5 months before it can be harvested, whereas maize only needs 3-4 months. The longer cultivation span of rice means that the birsim, which is so precious as fodder for the livestock, has to be planted later, mid- to end of October. Another reason why Abu Mohammed was not so enthusiastic about his rice field stems from a previous experience: he had to sell the rice crop grown on the field in common with his brother to a merchant, just after the harvest, because he was in need of cash. The merchant came to his house, weighed the crop there, and bought it at L.E. 450 per ton. The feddan brought him and his brother 3 tons of rice, Abu

\textsuperscript{64} The 1995 price for a 75 kg sack of good dry animal fodder is L.E. 32-37. Bran is also fed to livestock, and is sold at L.E. 410-510 the ton (1995 prices). See also chapter 7.

\textsuperscript{65} See chapter 8.

\textsuperscript{66} Malh is salt.

\textsuperscript{67} Sulfat nashader or Amonium Sulphate is mostly used in rice cultivation. Fertilisers are written down in the way people in Kafir Nurah pronounce them.

44
Mohammed's share was therefore 1.5 tons, of which he kept 1 ton for home consumption and sold the remaining 0.5 ton for L.E. 225. Farmers who were not in desperate need for cash waited for the peak price of L.E. 800 per ton before selling. Abu Mohammed could have bought animal fodder and covered costs by selling the crop on the market when prices rose. Instead, he sold immediately after the harvest and kept part of the crop for home consumption. His preferences indicate the existence of a lack of cash availability.

Although Abu Mohammed is not in favour of planting rice, many other farmers are very eager to plant this crop. They consider it more rewarding than planting cotton, and if they have an additional piece of land that they can devote to maize cultivation for animal fodder and home consumption, there is nothing that prevents them from growing rice. There are several reasons for that. First, cotton is a very labour-intensive crop and prices were not very lucrative until 1996. One feddan of cotton brought 4-7 qantars in 1994, and the qantar was sold for L.E. 300-350. This meant that a feddan of rice made about L.E. 3,200, whereas a feddan of cotton only made about L.E. 2,100\(^6\). Second, cotton stays 6-6\(\frac{1}{2}\) months on the land, whereas rice needs only 4-5 months. Third, the experience of 1994, where the cotton harvest was very bad, put many farmers off the crop. The government, which chooses the type of seedlings and pesticides to be used for cotton cultivation, distributed a new seedling and farmers were told to reduce the amount of seeds put in one pocket because this seed was supposed to have a higher germina-

\(^6\) 1994 prices
tion rate. The seed turned out to have been wrongly or badly treated and germination rates were close to zero. Farmers had to replant, wasting valuable time, effort and money. The government had also experimented with a new and milder pesticide, because the world market refused to buy the cotton that was sprayed with the regular pesticide. This new pesticide was not very effective, and as a result the crop was badly damaged. It is important to know that farmers did not understand the reasons behind the government’s decisions that led to the failure of the cotton crop in 1994. They simply considered it to be "sabotage at the ministry level".

5.3 Home Consumption versus Market Sale

When I asked Abu Mohammed how he decided on what amount to sell and what to keep for consumption within the household, he said: "Il-muhimm inni ana ma’ahtagsh"\(^6\) and "il-beit il-awwil"\(^7\). He has always kept back part of the harvest for home consumption. In the winter season of 1994/95, when he had wheat on his 1 feddan, he had kept 7 ardab of wheat and sold the remaining 7 to a trader at L.E. 84. And from the 1 feddan of maize in summer 1994, he kept 6 ardabs and sold the remaining 6 for L.E. 65 the ardab, also to a trader. From his rice crop in summer 1995, he planned to keep 1.5-2 tons and to sell the remainder.

Interesting is the fact that sometimes it was cheaper for Abu Mohammed to sell his crop and to buy the same product from the market. For example, it would have been more

\(^6\) "The most important is, that one does not go needy."

\(^7\) "The household comes first."

46
profitable for him to sell his wheat and to buy flour from
the trader, than to store it for home consumption. The ardab
of wheat was sold at L.E. 84 after the winter season of
1994/95. This ardab of wheat makes about 110 kg of flour and
40 kg of raddah7, which could be sold at L.E. 19-22 then.
Costs for cleaning and grinding the wheat into flour have to
be deducted. A 25 kg sack of subsidised wheat cost between
L.E. 10-16. These sacks were not always available, though 100
kg sacks were sold at black market prices of L.E. 65-80.
Although it would perhaps have been more 'rational' if Abu
Mohammed had sold his wheat and bought flour instead, but he
insisted that storing for home consumption was essential:
"You never know, if there is cash available, when we need to
buy flour for baking bread. Why should I take a risk when I
can store everything I need at home. Whenever we need flour,
we send some wheat to the mill to be cleaned and ground. And
whenever we need some cash, we can sell the necessary amount
of wheat." This is strategy that aims at minimising risks in
view of scarce resources of liquid money.

It is more convenient for farmers to sell their crops to
traders who come to farmers' houses and weigh the crop in
front of them. They usually pay L.E. 1-2 less per ardab, or
gantar than what farmers would get from the government shunah
or the factories themselves (for rice and wheat treatment).
They also overweigh a little, but for small quantities it is
not worth the effort to take crops to the government and

7 Raddah is bran (what remains after cleaning the wheat, it is used as dry
animal fodder for the hot summer months, when there is a lack of green fodder)
responsible factories. Therefore, most farmers now sell to private traders.

5.4 Abu Mohammed and the Agricultural Co-operative

Abu Mohammed remembered the times, “when things were different...”. Inputs were bought from the government at subsidised prices. The local agricultural co-operative was the place from which Abu Mohammed picked up his fertiliser, the maize, cotton, and wheat seeds, and the pesticides. He did not have to pay in cash, costs were noted down and when the time came to deliver the cotton harvest to the government shunah, everything he owed the co-operative was deducted from his earnings. If necessary, he could also secure a loan against the crop from the local PBDAC branch at the beginning of the cotton season. A loan of L.E. 100-300 was obtainable for the purchase of seeds, fertilisers and for land preparation expenses. Another loan can be secured for harvesting expenses which could amount from L.E. 100-300, according to the farmers needs. Occasionally, Abu Mohammed sometimes secured such a loan at the beginning of the cotton season, but never for the harvesting of the crop, because he did not hire any labour for that task. Loans against the crop were also deducted from the revenue when the crop was sold to the agricultural co-operative at the government shunah.

These times were not all rosy and Abu Mohammed also remembers the disadvantages of the co-operative system.

---

72 This kind of loan is called sulfat khidmah.
73 This kind of loan is called sulfat gam'.
often, by the time of cotton delivery to the government
shunah, and after all debts were deducted, farmers were left
with a profit of L.E. 100 or L.E. 200. Sometimes, the income
would have barely covered the costs. This was not always the
outcome of bad management or the failure of the crop; not
infrequently corruption within the co-operative led to the
abuse of farmers’ illiteracy or inability to follow
percentage calculations made by its employees. In Kafr Nurah
for example, it was generally known that the cashier at the
co-operative was corrupt and had cheated many unsuspecting
farmers out of part of their profits. Abu Mohammed had
learned not to trust them. He would go to the local PBDAC
branch and ask for a clearly spelled out statement of what he
owed the co-operative, before he would go to settle the
financial matters there. Since he is illiterate, he would
also ask someone trustworthy to read and clarify the
statement to him beforehand.

5.5 Cotton Cultivation

For farmers in Kafr Nurah, as for Egypt as a whole, cotton is
of major importance, economically and socially. It
constituted Egypt’s main agricultural export crop for decades
and at the farmer’s household level, it provided the biggest
revenue that any crop could earn. Cotton also used to be the
crop that tied every farmer to the local agricultural co-
operative74. In the 1990s, the story of cotton sounds
different: Egyptian cotton exports are not doing very well on

74 See chapter 6.
the international market and farmers who are not forced to plant cotton anymore (after the rotation system that was rigidly enforced until 1992 had been abolished) have often shifted to alternative crops.

Abu Mohammed had very mixed feelings towards the cotton crop: cotton was attractive, because it was a crop that he was familiar with, costs occurred in small amounts, and the revenue was received in one lump-sum. On the other hand, cotton cultivation was not only risky (as past harvests have proven) but there were also more lucrative crops to be cultivated. Unless cotton prices on the market were rewarding, the crop had no real value to Abu Mohammed. It was not consumable, it could not be processed easily, and if left in raw condition it spoilt quickly. Further, it is was a highly labour-intensive crop and required considerable effort for the final removing of the crop’s remains from the soil.

According to a regulation released by the government, cotton is to be planted by the 15th of March and harvested throughout September every year. Abu Mohammed often disregarded this set time-table for cotton cultivation because he tried to keep the birsim on his land for as long as possible, since it meant feeding the gamusa longer on the protein-rich fodder. He often delayed the cotton until April, when he was sure that the field of birsim would give him the last hashah. The land was ploughed, levelled and laid out

---

*Birsim can be harvested (i.e. cut above the roots) up to four times, where each time is called a hashah. The last hashah is usually grazed off the field directly by the cattle.*
with the help of a rented tractor. The going rent for the
tractor was L.E. 50 per feddan.\textsuperscript{76} Following that, the
prepared land was watered. Abu Mohammed had contributed to
the drilling costs of a water well and only paid L.E. 15 for
watering a feddan of land, whereas others were paying up to
L.E. 25 for the same piece of land. Twelve days after
irrigation, the land had to be levelled again and furrows
were prepared with a small plough pulled by a donkey. This
task Abu Mohammed did with the help of his wife or one of his
older children. Then the land was ready for sowing the cotton
seeds which were sold in the village co-operative only and
for cash money. The Ministry of Agriculture and Land
Reclamation (through local agricultural co-operatives) is the
only body that distributes improved cotton seeds. It keeps
control on the cotton seed distribution as a means of
ensuring the kind and quality of the crop. After the seeds
were sown, the field was irrigated again. Abu Mohammed waited
for the cotton plant to appear on the surface of the soil and
forty days after its appearance, the land was irrigated once
more. Two to three sacks of urea or faransawi\textsuperscript{77} were put on
the land immediately after irrigation. In early July, cotton
fields were sprayed with pesticides. Here, once more, it was
the role of the various branches of agricultural co-
operatives to organise helicopters which sprayed the cotton
crop. Following that, Abu Mohammed did not need to do
anything more before the harvest, but to irrigate the land
another three times. The cotton needed to be irrigated six
times, approximately every 20 days, and each time the land

\textsuperscript{76} All prices stated in this section are 1995 prices.
\textsuperscript{77} These are two types of fertilisers: Urea and Nitrate.
was ploughed and levelled, with the help of the small plough pulled by the donkey, between the rows of cotton plants. The cotton harvest took place throughout September and until early October. It took Abu Mohammed about 25 days because most small farmers do not hire daily labour for the cotton harvest. Rather, they create a working system, whereby neighbours and family members who have also planted cotton, help each other with the harvesting: "al-zimala helwa ‘an al-ugra". They start on one farmer's field and move to the next plot once they have finished. The task of harvesting cotton is left to women and children, but the men always help with the more difficult jobs, like filling into sacks, carrying and loading them on to carts. The women from the household whose turn it is, wake up at dawn and prepare the meals for the people who are going to help them on their field that day. Breakfast, lunch, cigarettes and tea have to be provided and each farmers' household tries to outdo the other in generosity. Abu Mohammed said: "Generally, everybody is generous and works hard, because you want to have the same effort exerted on your cotton field". The cotton harvest must take place as quickly as possible, since sudden changes in weather can ruin parts of the crop. Collective marketing exists for cotton. Farmers take the cotton to the shunah where it is weighed and evaluated. The amount and the quality are noted down and farmers are paid. They are often only paid a partial amount and have to wait up to 6 months to receive their remaining money.

78 "Helping each other is better than hiring workers."
Since the cotton harvest of fall 1996, Abu Mohammed's opinions on cotton cultivation had greatly changed. He had not been able to plant cotton in the 1996 season, because according to what farmers with neighbouring plots of land had decided to cultivate, he was to plant maize. Although the block farming system regulated through the co-operative had been abolished, farmers were still partially implementing it, because combining fields increased productivity. The government had promised farmers the highest prices per qantar of cotton for that season. Farmers were very eager to plant cotton. Seeds germinated and pest control was successful. According to Abu Mohammed, skilful farmers were able to get 8 qantars of cotton from one feddan. For good quality cotton, the government paid up to L.E. 545 the qantar. A clever farmer could, therefore, make up to L.E. 4,360 from one feddan of cotton. Abu Mohammed felt that he missed out on a chance of making a good profit and was looking forward to cultivating cotton in the following season.

5.6 Abu Mohammed's Cattle

His cattle (especially the older female gamusa) is of major importance for Abu Mohammed and his family. This is not only proven by the farmers' cultivation habits (birsim in the winter, maize for green fodder in the summer), expenditures on dry animal fodder, and the prevalence of at least one gamusa in every farmer's household (even if he does not own

---

79 For example, a field planted with rice, which needs a lot of water, can spoil an adjacent field of maize, which does not require that much water.
it himself), but it is a statement made by every farmer in Kafr Nurah when asked about his cattle.\textsuperscript{80} The milk is used to make *mish*\textsuperscript{81}, ‘white cheese’, butter, and ghee are very much valued in Egyptian towns and cities. These products are either consumed within the household or sold, thereby creating a small, but regular cash inflow to the household. Eggs, chicken, ducks, geese, pigeons, and the occasional rabbit are also sold. The money is used to buy daily needs of fruit, vegetables, washing detergents, small house utensils, and for other petty expenses.\textsuperscript{82}

5.7 Conclusion

Abu Mohammed and his household belong to the category of small holder or small farmer. This chapter tried to demonstrate, by describing some issues of concern, what this entails. In 1989, the FAO attempted the formulation of a common and characteristic definition for farmers like Abu Mohammed. They found that:

"the most significant characteristic of small farmers is the all resource base on which they have to operate. In general, they have control (often with very little security of tenure) over only a small area of land which is naturally poor or depleted and often fragmented, they have an extremely low level of human capital in terms of education, knowledge and health with which they work, and they suffer chronic indebtedness and lack of accessibility to institutional credit and inputs."

\textsuperscript{80} See chapter 8.
\textsuperscript{81} Mish is a very old and salty cheese, which is mostly consumed in poor households in the countryside and in cities. Small quantities on bread are sufficient, due to its concentration.
\textsuperscript{82} More on the importance of cattle and poultry in chapter 8.
Concomitantly, they face unstable markets and prices, they receive inadequate extension support, they have little share in the control and operation of rural institutions, and they lack the socio-economic power with which to gain access to public and other services that are available to other more powerful members of their national society. In consequence, the small farmers' existence is often precarious and the effect of poor weather or prices can be calamitous for the farmer and his family.\(^3\)

The following chapters will evaluate small holders' in the light of this definition, by looking at their access to farm land, their relationship with the two most influential government institutions in the countryside (the agricultural co-operative and the agricultural bank), and their inbeddedness into market structures. Additionally, small farmers' strategies of coping will be dealt with, before concluding with findings in response to the research question.

CHAPTER 6:

TENANCY AND OTHER FORMS OF ACCESS TO LAND

Access to land may not be so vital in other parts of the world. Wage labour may yet be a viable livelihood option. In Egypt, land accessibility, nevertheless, plays a significant role for farmers. Glavanis and Glavanis noticed that farmers are motivated to extend their land base (usufruct rights) in order to ensure a greater independence from the market, which is plagued from inflation and unpredictability in prices. This in turn allows them a greater independence from the labour market. Waged labour outside the farmer’s household often involves hard work and low pay (as in the case of agricultural labour), long distances to travel to work, or even migration to other towns, cities and abroad.

The way in which farmers organise and ensure access to land is dynamic, reflecting the social, cultural, and religious specificity of the region, government rules and regulations, market conditions, and the consumption requirements for the unit of production and consumption, the farmer household. Abdel Fadil perceived already in the 1970s that “land tenure systems in Egypt embrace a complex set of relationships involving many forms and bundles of land-use rights”. Hopkins also maintains that “differentiated access to land has long been a major

---

84 Glavanis and Glavanis (1983:54)
85 Fouchdy (1992:18)
86 Abdel Fadil (1975:17)
feature of the political economy of rural Egypt. Glavanis & Glavanis (1983), Holmén (1991), Rouchdy (1992) and Weyland (1993) describe various forms of access to land found in rural Egypt. Land is owned, rented through a tenancy contract and leased at market prices for different time spans, and there is a difference between registered and unregistered agreements. To understand how and why different patterns of access to land have developed, it will be necessary to acquire an understanding of the background against which they emerged.

6.1 Agrarian Reforms after 1952 and their Impact on Access to Land

The agrarian reforms that were undertaken in several phases after 1952 have had a great impact on the forms of access to agricultural land found today. Land ownership ceilings (which were lowered to 100 feddans for a single owner, and 200 feddans for a family in 1961 and further limiting individual ownership to 50 feddans and that of a family to 100 feddans in 1969) were enforced and the land of large estates exceeding the stipulated limits was redistributed among, first, small farmers and tenants (owning less than 5 feddans of agricultural land) and, secondly, among landless rural labourers. Tenants were given usufruct rights with secured long-term tenancies at low rents fixed at seven times the land tax. In the case of sharecropping, costs and profits were to be divided equally between the owner of the land and the tenant. Under the stipulated terms, a tenant had de facto ownership of the land. He could not be evicted (except in

---

Hopkins (1993:188)
the case of non-payment of rent) and the contract was inherited by the heirs after the death of the tenant who had initially signed it. With a registered tenancy a farmer could, therefore, qualify for credit from village banks, which generally demanded land as a collateral. In 1975, rents on tenancies, which had been frozen since 1952, were raised, the committees that had handled disputes between landowner and tenants were abolished, and a law was passed that facilitated sharecropping and the eviction of tenants. These amendments are seen to be the beginning of the erosion of tenant rights, a process that culminated in the Law No. 96 of 1992, which is seen to be a clear step towards the "reversal of Egypt's Agrarian Reforms" or a "counter-reform".

Out of the agrarian reforms implemented under Abdel Nasser's supervision, grew an agricultural system characterised by small holder production (i.e. on 2-5 feddans), a fact mentioned in most literature on rural Egypt. In 1987, more than 90 percent of all land holdings were less than 5 feddans in size. The average land holding in Egypt measured about 2 feddans in 1977/78 and 2.46 feddans in 1982. In the 1990s, the national average is estimated to be around 2.5 feddans, a fact that has to be attributed not only to the history of land use and the agrarian reforms under Abdel Nasser, but also to Islamic inheritance law, which divides inheritance among the heirs of

---

88 Abdel Fadil (1975:7-9) and Springborg (1991:234)
89 Springborg (1991:234)
93 Kishk (1993:58)
94 Springborg (1990:29)
95 Hopkins (1993:188)
the deceased, and to land sales in view of economic pressures and for debt repayments. An additional feature is that around a quarter to a third (some estimates maintain even a half) of the agricultural land is held under registered tenancy contracts, which are affected by Law No. 96 of 1992. According to Springborg, rented land has been dropping steadily from 1961 until the 1982 census, nevertheless, around 1 million families, or approximately 6 million rural inhabitants, were benefiting from registered tenancies in the 1980s. Gertel found that 444,503 farmers and their families who farm ca. 788,000 feddans are tenants, of which 99 percent fall into the category of small holder (with less than 5 feddans). Additionally 432,602 enterprises farm 570,000 feddans of land under tenancy contracts, in correlation with other forms of land ownership. Gertel concludes that about 20 percent of Egypt’s agricultural land is, therefore, farmed by tenants.

6.2 Land and Farmers in Kafr Nurah

Kafr Nurah, like most villages in the ‘old’ lands, is characterised by small holder agriculture. It has 1081 registered land holdings on an area of 1006 feddans of cultivated land area of which 37 feddans are devoted to fruit orchards. In 1994, 40 feddans were built up with houses and 20 feddans were labelled “areas of public benefit”. The average the 568 farmers, who are registered in the local

96 Hopkins (1994:6)
97 Holmén (1991:243)
98 Springborg (1991:235)
99 Gertel (1996)
agricultural co-operative, cultivate more than 5 feddans. The smallest land holding registered is 2 qirats (all rented in) and the largest is 35 feddans (12 feddan owned, 23 feddan rented in).

Table 6.1: Owner-Cultivators Registered in the Local Agricultural Co-operative for 1990

<table>
<thead>
<tr>
<th>area of land owned</th>
<th>no. of owners</th>
<th>feddans</th>
<th>qirats</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 1 feddan</td>
<td>336</td>
<td>198</td>
<td>4</td>
</tr>
<tr>
<td>1 to less than 2 feddans</td>
<td>132</td>
<td>179</td>
<td>15</td>
</tr>
<tr>
<td>2 to less than 3 feddans</td>
<td>62</td>
<td>147</td>
<td>9</td>
</tr>
<tr>
<td>3 to less than 4 feddans</td>
<td>15</td>
<td>54</td>
<td>4</td>
</tr>
<tr>
<td>4 to less than 5 feddans</td>
<td>8</td>
<td>35</td>
<td>22</td>
</tr>
<tr>
<td>5 to less than 10 feddans</td>
<td>12</td>
<td>82</td>
<td>7</td>
</tr>
<tr>
<td>10 to less than 15 feddans</td>
<td>2</td>
<td>24</td>
<td>19</td>
</tr>
<tr>
<td>15 to less than 20 feddans</td>
<td>1</td>
<td>19</td>
<td>10</td>
</tr>
<tr>
<td><strong>totals</strong></td>
<td><strong>568</strong></td>
<td><strong>738</strong></td>
<td><strong>90</strong></td>
</tr>
</tbody>
</table>

* Since 24 qirats equal 1 feddan, the total size of land owned amounts to 741 feddans and 18 qirats, owned by 568 farmers.

Table 6.2: Tenant-Cultivators (who also own land) Registered in the Local Agricultural Co-operative for 1990

<table>
<thead>
<tr>
<th>area of land rented</th>
<th>no. of tenants</th>
<th>feddans</th>
<th>qirats</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 1 feddan</td>
<td>192</td>
<td>56</td>
<td>5</td>
</tr>
<tr>
<td>1 to less than 2 feddans</td>
<td>94</td>
<td>124</td>
<td>6</td>
</tr>
<tr>
<td>2 to less than 3 feddans</td>
<td>16</td>
<td>39</td>
<td>20</td>
</tr>
<tr>
<td>3 to less than 4 feddans</td>
<td>3</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td>20 to less than 50 feddans</td>
<td>1</td>
<td>23</td>
<td>-</td>
</tr>
<tr>
<td><strong>totals</strong></td>
<td><strong>306</strong></td>
<td><strong>252</strong></td>
<td><strong>31</strong></td>
</tr>
</tbody>
</table>

* Since 24 qirats equal 1 feddan, the total size of land rented amounts to 253 feddans and 7 qirats, rented by 306 farmers.

---

100 Source: Head of the Local Agricultural Unit in Kafr Nurah, from the 1990 local Agricultural Census [al-ti'daad al-zira'i].
101 Source: Head of the Local Agricultural Unit in Kafr Nurah, from the 1990 local Agricultural Census [al-ti'daad al-zira'i].
102 These tenants are farmers who also own some land, that means that they have been counted in table 3 as well.
Table 6.3: Tenant-Cultivators (who do not own additional land) Registered in the Local Agricultural Co-operative for 1990

<table>
<thead>
<tr>
<th>area of land rented, feddans</th>
<th>no. of tenants</th>
<th>feddans</th>
<th>girats</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 1 feddan</td>
<td>4</td>
<td>2</td>
<td>16</td>
</tr>
<tr>
<td>1 to less than 2 feddans</td>
<td>5</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>2 to less than 3 feddans</td>
<td>1</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>3 to less than 4 feddans</td>
<td>1</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td><strong>totals</strong></td>
<td><strong>11</strong></td>
<td><strong>13</strong></td>
<td><strong>38</strong></td>
</tr>
</tbody>
</table>

*Since 24 girats equal 1 feddan, the total size of land rented by farmers who are tenants only amounts to 14 feddans and 12 girats. Land holding (hiyaza) lies between 1-2 feddans, and only 15 of

Ten absentee landowners, who together possess 40 feddans, have rented out their total land holding. Concerning the tenants, 306 farmers have a registered tenancy under the old law, Law No.178 for 1952. They are renting 253 feddans and 7 girats, next to what land they own, and will be affected by Law No.96 of 1992. In addition 11 farmers have land holdings which consist entirely of rented land. These farmers cultivate on a sum of 14 feddans and 12 girats on plots of up to 4 feddans. In reality, more than these 317 (306+11) farmers and their households are making a living of, wholly or partially, rented land. Land is more fragmented than what this data indicates, due to debt sales, Islamic inheritance laws, and the divergence between land ownership and actual management. Contracts often remain in the name of one of the sons of the deceased, although several brothers

---

103 Source: Head of the Local Agricultural Unit in Kafir Nurah, from the 1990 local Agricultural Census (al-ti'daad al-zira'i).
104 These tenants are farmers who only rent land, i.e. they do not own any.
105 Hiyaza means land holding and it is compromised of the land owned plus the land rented in, minus the land rented out by a farmer. Hiyaza used to be registered in the agricultural co-operative and, therefore, these figures do not include informal, seasonal, and now free market land rented by farmers.
and their families might be cultivating the land. Not every sale of land is followed by a correction of the land holding registers in the agricultural co-operative. Assuming 7 persons per household, roughly 2219 people in Kafr Nurah out of a population of 6650 (ca. 33.4 percent) are depending in one way or another on income generated from rented land.

There are two main ways of insuring or increasing access to agricultural land found in Kafr Nurah. One is rental of land on the free market, the other is sharecropping. The purchase of land is not a viable option for the vast majority of the villagers, due to its high price\textsuperscript{106}. It has been widely discussed whether sharecropping is a declining or increasing phenomena\textsuperscript{107}. It remains a fact that the system of sharecropping is very prevalent in Kafr Nurah\textsuperscript{108}. It involves short-term contracts which follow the agricultural season or a crop cycle, whereby agreements may be registered or informal, often including many terms and conditions. Normally, the informal version is preferred. Land owners who are not farmers themselves and have moved away from the village may rent out their land on a yearly basis, since they do not want to spend too much time on finding tenants and settling agreements. Land owners who live in the village, but also tenants who are subletting their land, favour renting out their land (short-term contracts) for a crop or an agricultural season in order to increase their own flexibility and security primarily to prevent the renter-in

\textsuperscript{106} One feddan can reach L.E. 55,000 if situated on village land permitted to construction.
\textsuperscript{107} see Holmén (1991:244)
\textsuperscript{108} This section is compiled from various interviews.
from acquiring rights of permanent occupancy or tenancy. The farmer who is increasing his land base by going into a sharecropping agreement, cultivates the land for a given percentage of the crop. Agreements vary according to the type of crop planted. Since the system of sharecropping is not officially accepted by the government, the farmer on whose land holding card (hiyaza) the land is registered is the only one who can acquire subsidised fertilisers, seeds and credit from the local co-operative and the PBDAC branch. For rice, the usual agreement is a 50 percent revenue share for the cultivator, who also has to pay all the input costs (irrigation is the major cost for rice). For birsim, the tenant cultivator pays all the input cost and receives two-thirds of the harvest (or revenue). In the case of cotton, the tenant usually pays for the ploughing, and half of the seed, pesticide, and collection costs. The tenant cultivator is entitled to one-third of the revenue from the sale of the crop. These agreements do not follow the stipulations of the Reform Law, by which costs and revenues are to be equally shared between the two parties. Instead, agreements are individually settled according to certain rules and norms, established within the village.

6.3 Tenancy Law No. 96 of 1992 and its Effects

In June 1992, the Egyptian People’s Assembly passed Law No. 96 which reorganises the relationship between the owner and the tenant which had been established through various stipulations since 1952. It has been argued that this law can be seen as the
key to the government’s agreement with the IFIs, since it aims at promoting agricultural growth through increasing monetary incentives to rural entrepreneurs. The changed legal arrangement in the countryside is seen to be a prerequisite for the promotion of the market.\textsuperscript{109}

The two main changes introduced by Law No. 96 of 1992 include a raise in tenancy rents and a time limit on the life of tenancy contracts. Rents which had been set at 7 times the land tax were raised to 22 times the land tax. Contracts are to ‘phase out’ until 1997. After that, tenancies are to be agreed upon according to free market forces. Farmers who live on the rented land can not be evicted from their houses until the government finds them a new place in the same area to live in. Additionally, tenants who lose access to their land are granted priority in acquiring reclaimed lands. The owner can sell the land at any time before 1997. The tenant has priority and if he is not the one who buys the land then he is compensated by a sum equal to 40 times the land tax for each remaining year until 1997. Springborg noticed that “depending on the number of years left in the contract, peasants would receive on average L.E. 1,000 to L.E. 5,000 per feddan.”\textsuperscript{110} and that this amount would equal about 2 to 10 percent of the value of the land, compared to the previous customary 50 percent.\textsuperscript{111} In Kafr Nurah, free market land prices for one feddan were L.E. 1,000–1,100 a year in 1995 and had reached L.E. 1,300–1,400 at the end of 1996\textsuperscript{112}.

\textsuperscript{109} Bush (1994:31)
\textsuperscript{110} Hinnebusch (1993:22)
\textsuperscript{112} This information stems from an informal interview with two small holders conducted in December 1996, specifically on the issue of land access.
With this law, tenants are clearly the losers, whereas owners will benefit. The entire burden of providing the tenants with housing or access to reclaimed land falls on the government. The increase in the rent means that a tenant who was previously paying a yearly sum of around L.E. 200 for 1 feddan is, under the new law, paying L.E. 660 a feddan. This figure has to be compared to the average net profit per feddan which is estimated to lie between L.E. 500-600 for the early 1990s. The poverty line is estimated to lie between US$ 275 (ca. L.E. 920) and US$ 370 (ca. L.E. 1,235) per person a year (constant 1985 prices) for a range of countries with low average incomes, including Egypt. Even if the estimate of yearly net profit per feddan is lower than in reality, we can still safely conclude that the majority of small holders live on an income which lies below the poverty line. By mid-1997, land owners are free to sell their land, or to rent it out at free market prices. In addition, official access to credit is not granted to tenants anymore, since the rented land can no longer be used as a collateral. As a result, more and more small holders will have to resort to informal credit mechanisms, i.e. borrowing from family members, neighbours and money lenders, often at unacceptable rates which can reach 100 percent. By far the most remarkable impact that Law No.96 of 1992 will have is on the structure of land holding size and on rural poverty levels.

The picture for 1997 concerning the relationship between tenants and land owners can take on various shapes. Whatever the
scenario, it will bring with it a lot of tension and friction. Contracts and agreements have to be negotiated anew, in a situation which has often resulted in conflict ridden relationships between tenants and owners, or hardly any contact at all. One possibility is that the tenant will be able to buy the land of the owner who is not interested in keeping it, because he is otherwise employed and lives in a city. The land owner might even sell the land below its value, because he is in need of quick cash and because he knows that he will not find many interested buyers. A farmer I interviewed maintained that land owners who are not desperate for cash delay selling until 1997, because they are waiting for contracts to phase out, so that previous tenants will have to buy at free market prices. Another possibility suggests that the owner of the land will continue renting out his land, but now at free market prices. He might prefer to keep the original tenant, or he might prefer a farmer who will agree to a sharecropping contract. If the owner is a farmer himself, he might want to farm the land himself. In this case and in the case of the sale of land to a person other that the tenant who was making a living on it, the situation is bleak for the tenant’s household. The options are to try to rent another piece of land at free market prices or to engage in sharecropping agriculture. Both options depend entirely on the availability and prices of land. In 1997, the market for land is expected to undergo major fluctuations due to the change in the old tenancy law and expectations vary tremendously. The cost of one qirat of ‘old’ agricultural land in Kafr Nurah is L.E. 2000 in 1996, one feddan can cost between L.E. 48,000 and L.E. 55,000 depending on the location. Another option is to leave.
agriculture altogether and to try to find employment in other sectors of the economy. This option will necessarily involve the tearing up of the household, when some family members migrate to towns, cities, or even abroad in search of employment.\textsuperscript{115}

An important point to mention is that sometimes owners and renters are related to each other. Family members who have left the agricultural sector to earn a living elsewhere have often rented out their land to a brother or cousin, in order to ensure that the land will remain in the family. Since family ties are socially very strong, excessive disagreements are not expected in this type of tenancy agreements. Blood relation will, therefore, have a cushioning effect on possible conflicts resulting from the new tenancy law.

I talked to many farmers about their attitudes concerning Law No.96, and not only from Kafr Nurah. Their attitudes varied according to social relations in the respective village, size of the farmer’s land holding and present arrangement regulating access to land, among others. Nevertheless, most farmers agreed that this law is too harsh on tenants and will lead to unrest in the countryside. I asked a farmer about what he thinks of the fate of the small land owners, who are poor people and who want to sell his land, because they need money to pay for a wedding of a son, to buy a flat in the city, or to farm it themselves, he answered: “These small and poor land owners have already settled matters with their tenants. They have found solutions and made agreements. Those who remain, are the land owners who

\textsuperscript{115} These possible scenarios were all mentioned by farmers during interviews.
are not needy, they can wait until the government settles the matter”. A large land owner told me that he did not believe that many land owners in Kafr Nurah will want to sell their land, only small holders (on less than 3 feddans) will want their land back, to farm it themselves: “Most land owners who have land with tenants do not live in the village. They have managed without it so long, and they will be happy to get a higher rent, but will still manage without it”.

A small holder I talked to believes that farmers who are in any way able to buy the land they were renting under the old tenancy law will have already done that by 1997. His argument is that people want to secure a living for themselves and for their children. He himself found himself in a situation in 1993, where the landowner wanted to sell 15 qirats of the one feddan which he and his brother were renting under the old tenancy law. They had inherited the contract from their father and farmed the land together. The land owner needed cash for the wedding of a daughter and said that he would sell to anybody who would buy, if they could not buy themselves. The agreement was settled informally and according to common practice. The farmer and his brother were entitled to one-third of the value of the sold land, if they were to leave it, which would equal the value of 5 qirats. The land owner would receive the value of the other 10 qirats. The tenant brothers decided that they would buy the 10 qirats of the owner, at L.E. 2,000 the qirat. Suddenly, a sum of L.E. 20,000 had to be found. The two households sold all their cattle, took up loans against their owned feddan of land from the local PBDAC at 17 percent, borrowed money from relatives and
'trustworthy' people (and signed blank cheques as a security for the lender). They managed to gather the necessary money, but life was very difficult for the next few years. One of the brothers took on a paid job with a wealthy man from Cairo, helping him to run his property and cultivate his land in Kafr Nurah. To replace the sold cattle, both households took in cattle of wealthy farmers according to a system of shared ownership.\(^{116}\)

The farmer who recounted this story said that he believes that he was lucky to be able to buy the part of the rented land which the land owner was intending to sell. Other farmers might not be able to come up with such an amount of money, especially if they do not own any land and can, therefore, not take out a loan at the PBDAC. The alternative are the moneylenders, who often take a 100 percent interest rate, while securing themselves with blank cheques signed by the borrower. For a poor farmer borrowing from family and neighbours is not a very accessible option, because people do not like to give money when they know that chances are slim of getting it back.

6.4 Conclusion

A conclusion to be drawn is that Law No.96 of 1992 will definitely change patterns of access to land in the Egyptian countryside. Farmers who can afford buying the land they were renting will do so. The poor small holder will be forced to compete for renting and sharecropping contracts on the free

\(^{116}\) Explained in chapter 8.
market. Wealthier farmers are expected to attempt increasing their land base to profit from economies of scale and secure more wealth for the household. They will possibly drive up land rents while trying to push out competition. The small holder will find it more and more difficult to secure a livelihood. More family members will have to seek additional sources of income as the household is adversely affected by increased land prices. In this race the middle sized and wealthier farmers will be the winners, as only they will be able to withstand economic pressures. The result will be an accelerated process of land concentration and a growth in the average size of the Egyptian farm. Effects on rural poverty levels will be felt, as farmers are displaced from agricultural production into (agricultural) wage labour, the construction or services sector of the economy. Without doubt, unemployment rates in rural Egypt will increase drastically.
CHAPTER 7:

THE LOCAL AGRICULTURAL CO-OPERATIVE AND
THE PRINCIPAL BANK FOR DEVELOPMENT AND
AGRICULTURAL CREDIT

Land in itself is not sufficient for a farmer as a means of agricultural production. Capital with which agricultural inputs, such as seeds, fertiliser, pesticides, agricultural machinery or tools, and livestock, can be obtained is vital in any agricultural operation. The previous chapter dealt with access to land, this chapter will look at how farmers form their production activities around the credit and input institutions created by the government, the agricultural banks and co-operatives. Additionally, the changes in the structure and functions of these institutions due to structural adjustment will be discussed, while depicting their effects on farmers.

Ever since their creation, agricultural co-operatives and agricultural banks have been influencing the reality of agricultural production in rural Egypt. The peculiarity of agricultural co-operation in Egypt is that it is not a movement lead by farmers themselves, rather it is an centrally created government institution that is utilised as a tool for the implementation of national development strategies and, more specifically, the state’s agricultural policies. In order to understand this statement it is necessary to outline in some detail the history of formal co-operative development in Egypt since the beginning of this century.
7.1 **A Brief History of Formal Agricultural Co-operation in Egypt**

In 1908, during the era of strong nationalism, Omar Lotfy, a member of the National Party, was able to establish the first rural credit union. Since there was no co-operative legislation yet, the society had to be registered as a "credit union". In 1923, the first Co-operative Law was passed. It legitimised the formation of co-operatives and a Co-operative Department was created in the Ministry of Agriculture. Nevertheless, this law did not permit co-operatives to have full control over their management and administration. The government's role was not clear and it did not provide any financial assistance. In 1927 a second, more positive Co-operative Law was passed. In 1931 the Crédit Agricole d'Egypte was created. Its functions included the extension of loans to small farmers as well as to co-operatives.\(^{117}\)

In 1948, the Crédit Agricole d'Egypte was converted into the Agricultural Credit and Co-operative Bank. It aimed at providing farmers with up to 70 percent of the market value of their crop in advance, so they could finance their input expenditures. Farmers came to be dissatisfied with the bank's service performance and in 1962 and 1964 the bank was restructured and reorganised. The Principal Bank for Development and Agricultural Credit (PBDAC) grew out of these changes. The PBDAC took over the old bank, established new

\(^{117}\) Holmén (1991:102-105)
offices, or converted village co-operatives into bank branches and expanded its activities all over rural Egypt.\footnote{Basar (1991:26)}

After the 1952 Revolution, the agricultural co-operative system experienced a series of changes which eventually were to lead to the modern system, as it stood prior to the structural adjustment era. With ongoing market liberalisation agricultural co-operatives in Egypt are entering a new phase, which is bound to alter their structure and functions totally, if they are to survive.

Under the 1952 Agrarian Reform Law, peasants who received agrarian reform land were obliged to join a new type of co-operative society called Agrarian Reform Co-operatives, supervised by the government. These co-operatives were meant to replace the old landowners in their functions as organisers of production, input supply (including credit) and marketing. This supervision was to be for the initial transitional phase. Once farmers did not need these services anymore, the government would withdraw. In order to profit from economies of scale and to overcome the problems of land fragmentation, the government ordered agrarian reform land to be pooled together and cultivated in sizeable blocks. Farmers went through three year crop rotation cycles, which were set up by the local co-operative and had to be approved by the Ministers of Agriculture and of Supply. A centrally appointed local co-operative manager was to supervise this system of block farming.\footnote{Rochin and Grossman (1987:29)} The services which the Agrarian Reform Co-
operatives were to provide included the provision of agricultural inputs, such as fertiliser, seeds, pesticides, equipment, and credit to the member-farmers, the organisation and supervision of the crop rotation system, the marketing of principal crops, and other agricultural and social services required by the members\textsuperscript{120}.

Starting with the five-year co-operative plan of 1969, the government clearly stated the goal of expanding the co-operative system\textsuperscript{121}. Co-operatives were extended to include settlers on newly reclaimed lands. The new type of co-operative was called Land Reclamation Co-operative and operated in a similar way to the Agrarian Reform Co-operative. On agricultural land which was not affected by agrarian reforms, the government also encouraged co-operative development (primarily for credit provision) but minimised interference. The co-operatives established there were called Multipurpose (Credit) Co-operatives.\textsuperscript{122}

Other laws were enacted to control the freedom of peasants in 1955 and 1956. Government supervisors, responsible for the management of the co-operative were given the authority to evict peasants from their land, which they had received under the agrarian reform, if they thought that it was being ‘misused’. And the second law gave the government the authority to dissolve the co-operative board of directors. In 1960, co-operative leaders managed to lobby

\textsuperscript{120} Holmén (1991:125)
\textsuperscript{121} Bazar (1991:23)
\textsuperscript{122} Rochin and Grossman (1987:19)
for the establishment of an apex co-operative-organisation, the Central Agricultural Co-operative Union (CACU). In 1961, co-operative membership was made compulsory for all peasants and co-operatives were extended all over Egypt. By 1961/62 co-operatives were found in almost every village and government officials were appointed to implement and supervise state policies and programmes. In 1963, a new law gave the Ministry of Agriculture the right to determine the details of the yearly crop rotation system. In 1966, the right to establish production quotas for certain crops was added to the ministry’s control of co-operative societies. A Co-operative for Specialised Products was created in response to a specific demand from farmers in the ‘old lands’, and was primarily occupied with the marketing of specific fruits and vegetables, which were not subject to governmental controls.

When Abdel Nasser died in 1970 and was succeeded by Anwar El Sadat, co-operation in Egypt took on yet another form. Because agricultural co-operatives were heavily promoted during Abdel Nasser’s period, many liberals saw them as instruments of Nasserism and socialism. During Sadat’s era of ‘Open-Door Policy’, which was based on the general liberalisation of the economy, co-operatives were neglected. Initially, a reorganisation of agricultural co-operatives was announced. The co-operative elections of 1971 indicated heavy government pressure. In 1976, the CACU was liquidated under a new law and all its politically oriented leadership at the

---

121 Rochin and Grossman (1987:30)
122 Holdsworth (1980:185)
123 Rochin and Grossman (1987:30)
124 Basar (1991:31)
national level was removed\textsuperscript{127}. The same year, another law was issued which stripped the CACU of its credit function and gave it to the government owned Principal Bank for Development and Agricultural Credit (PBDAC). At the same time, co-operatives were placed administratively under the Ministry of Agriculture. Multipurpose (Credit) Co-operatives, but none of the other types of co-operatives were, therefore, deprived of their own credit system which had enabled them to provide agricultural inputs to the farmers and organise collective marketing. The common explanation for this government action has been that the leadership of the CACU had begun to be politically too active for the Egyptian government which did not hesitate to circumscribe them.\textsuperscript{128} The CACU was only re-established in 1982, after the enactment of a new law in 1980. Multipurpose (Credit) Co-operatives’ right to give credit returned, as were the storage facilities and related employees, but for credits, the PBDAC clearly remained dominant. In reality local co-operatives in ‘old lands’ were only functioning as intermediaries between the PBDAC and the farmers.\textsuperscript{129}

When Mubarak came into office after Sadat’s assassination in 1981, he did not make any dramatic changes in the first years of his presidency, but when, since the mid-1980s, the Egyptian economic crisis took on worrying dimensions it became clear that these policies could not be maintained. As mentioned before, the agricultural sector was

\textsuperscript{127} See Sadowski (1991:201-203) for a more detailed account.

\textsuperscript{128} Rochin and Grossman (1987:31) and Holmén (1989:110,111)

\textsuperscript{129} Holmén (1991:211)
the first to introduce reforms in 1986. These reforms were the first step towards the unfolding of the decision of the government to adopt the approach of structural adjustment promoted by the IMF and the World Bank. The implications of the reforms for Egypt’s co-operative development were numerous.

As stated earlier, the Egyptian agricultural co-operative is not a co-operative in the sense that its body is constructed from among the farmers. The opposite is true, agricultural co-operatives allow the government of Egypt to interfere in agricultural production. It is a political tool for intervention into the development of the agricultural sector and for its supervision. According to the International Labour Organisation (ILO), a co-operative is defined to be:

"an association of persons who have voluntarily joined together to achieve a common end through the formation of a democratically controlled organization, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking in which the members actively participate."\(^{130}\)

With the liberalisation policies which form only one part of the structural adjustment package, agricultural co-operatives in their old (state controlled) form are becoming redundant. In 1995-1996, a new law on the organisation and function of agricultural co-operatives was being discussed and worked out in Parliament. The aim was to create ‘new’ agricultural co-operatives which can function according to co-operative principles as stated by the International Co-operative Alliance. These principles are: a. voluntary membership, b. democratic

\(^{130}\) Genberg, Björn (1994:66)
administration, c. limited interest, if any, or share capital, d. equitable distribution of income, e. promotion of education, and f. co-operation with other co-operatives at the local level.

Based on the case of Kafr Nurah, this chapter will attempt to demonstrate how agricultural banks and co-operatives have influenced reality in Egypt's countryside and have had the most immediate impact on farmers' incentives and decision-taking processes. They were responsible for transmitting and putting into practice agricultural state policies. They controlled, with varying degrees, the input-supply of seeds, fertilisers, pesticides, and credit. They handled the crop rotation system which organised collective cultivation according to a regular cycle with a limited number of crops (wheat, cotton, rice, and maize), and aimed at ensuring national food security. A collective marketing system with set crop delivery quotas and a state pricing policy was also under their management.

### 7.2 Agricultural Co-operatives

In Kafr Nurah, the Local Agricultural Co-operative is a Multipurpose (Credit) Co-operative. It is situated in the village centre and further serves three adjacent villages. The formal structure and hierarchy of the agricultural co-operative system is as follows: the Central Agricultural Co-operative Union, which is situated in Cairo, heads co-operatives at the

---

131 As found in Holmén (1991:25).
132 The hierarchy of the co-operative system is taken from an interview with the Head of the Local Agricultural Unit of Kafr Nurah.
governorate level, which in turn supervise co-operatives at the district level. At the village level the Local Agricultural Co-operatives usually serve 3-5 villages, depending on their size, and is commonly called the 'co-operative' (al-gam'iya). The control structure of the co-operative movement and the internal structure of the co-operative organisation are shown in Figure 7.1.\textsuperscript{133}

In the past, Kafr Nurah's co-operative served many functions. It was the place where farmers and their land holdings (hiyazas) were registered as the prerequisite for acquiring any credits or inputs through the PBDAC or the co-operative.\textsuperscript{134} It distributed seeds and fertilisers to farmers, sprayed crops against pests, regulated the annual crop rotation system, satisfied annual cultivation requirements, and fulfilled compulsory crop deliveries. Technical advice was also provided through the co-operative of Kafr Nurah, though agricultural machinery such as tractors, threshers, and irrigation pumps, were and are still not available. Co-operative marketing was organised at the storage place of the PBDAC (shunah). Financially, farmers were very much tied to the co-operative, since most inputs and other services, like pest control, could be obtained on credit there. The time for paying back the debts was after the cotton harvest, when the Director of the Harvest Collection Centre, who keeps records of farmers and of what they

\textsuperscript{133} This diagram is a synthesis of three diagrams, two by Holmén (1991:147,153) and one by Basar (1991:33).

\textsuperscript{134} The hiyaza card entitled farmers to subsidised inputs from the co-operative and to credits from the agricultural bank. Any additional inputs or credits needed had to be acquired through informal channels (i.e. from the free market or through connections).
owe the co-operative, would make his calculations and deduct the debit from farmers' revenues.

Today, the role played by the agricultural co-operative has become insignificant to the farmers of Kafr Nurah. Fertilisers are not available, neither are seeds, except for cotton seeds, which often enough have to be obtained from the Joint Society in Zifta. In the cotton seasons of 1994 and 1995, seeds were chemically treated incorrectly and farmers have lost confidence in their quality. In 1996 the cotton season was very successful, the seed germination rate was good, pest control effective, production and prices high. Occasionally, maize seeds can be found there, but only if there is an excess of supply and the ministry distributes it to local co-operative branches. The co-operative still organises the collective spraying of cotton fields with pesticides, but again with bad results in 1994 and 1995. The pesticide has not been effective enough and the cotton crop has suffered tremendously. In 1995, the maize crop was also largely destroyed as a consequence of this lack of efficient pest control. For advice on agricultural matters, very few farmers resort to the co-operative's extension services. They often consult other farmers and traders of seeds and fertilisers in Zifta and Nahtay with whom they enjoy a much more trusting relationship.

135 Also see Rouchdy (1992:16-18) on the role of the Local Agricultural Co-operative.
Figure 7.1: Structure of the Egyptian Agricultural Co-operative Organisation

Sources: (Holmén 1991:147;153) and (Basar 1991:33)
Before 1976, the Principal Bank for Development and Agricultural Credit (PBDAC) was called the Bank for Agricultural Credit. The name changed with the creation of the local branches responsible for groups of villages (village banks). Since the Agrarian Reforms of 1952, the bank has undergone several transformations. It was nationalised in 1961 and between that year and 1976 only operated through the Agricultural Co-operative. Ever since, the PBDAC has not only given out (subsidised) credit to farmers, but was also active in supplying inputs (mostly fertilisers) and organising the collective marketing of various crops (mainly cotton, wheat, maize). The structure of the PBDAC follows a similar pattern to that of the agricultural co-operatives: The Principal Bank for Development and Agricultural Credit in Cairo supervises banks at the governorate level. At the district level, smaller branches oversee the banks in the villages.

Kafr Nurah's local branch of the PBDAC is seated in Nahtay, a larger village that lies about 3 km away from Kafr Nurah. The villagers commonly call it the 'village bank' (bank al-qariya). The services that were offered by the bank prior to its re-orientation, which is part of reforms concerning the administrative body of the agricultural sector implemented in the light of structural adjustments, were as follows:

- input-supply (fertilisers, seeds) according to the size of the farmer's land holding;

---

136 The information on the history, structure and functions of the PBDAC was obtained from an interview with an employee in the PBDAC branch responsible for Kafr Nurah.
• collective marketing for cotton, wheat, maize;
• storage of certain crops on what is called the shunah;
• credits according to the size of the land holding; and
• extension services through the co-operative.

Reform measures that affect the PBDAC aim at re-organising the bank from an agricultural bank to a purely commercial bank. This involves reducing the number of employees drastically, as a result of the bank’s withdrawal from input supply and management of marketing. It also entails a new credit policy and a more efficient use of the available storage capacities. According to an employee from the local branch of the PBDAC in Nahtay, a number of employees (mainly the older ones) have already received early pensions or 120 months of salary for leaving their positions.\textsuperscript{137}

In Spring 1995, the local branch of the PBDAC situated in Nahtay, ceased delivering fertilisers. These could only be bought from traders and merchants after that. During my fieldwork, in July and August 1995, a commonly used kind of fertiliser (locally called urea) increased in price about twofold because the government had exported too much of the locally produced commodity.\textsuperscript{138} There was such a lack of supply on the market such that in the second half of August 1995, the government decided to allow the PBDAC once more to organise the distribution of fertiliser until the market for urea stabilised.

\textsuperscript{137} The government is planning to give L.E. 30 million in order to decrease the staff of the PBDAC at the governorate level by 12,000 employees. See El Hawary (1995).
\textsuperscript{138} Another account of the fertiliser crisis of summer 1995 can be found in Abdel Aal (1996).
farmers were allowed to buy half of the quantity the size of their land holding had previously entitled them to buy, on credit or in cash. A trader from Kafr Nurah I interviewed told me that in reality, farmers were told to take up a loan with interest even if they were ready to pay in cash. Many farmers showed dismay at the idea and decided rather to buy the necessary amount from the free market at high prices. At the end of 1996, the PBDAC and agricultural co-operatives were still active in the sale and distribution of fertilisers. Consequently, free market prices had gone down, but not to levels prior to summer 1995.

Presently, the PBDAC offers loans at reduced interest rates for the purchase of agricultural machinery, for agricultural or animal production projects, for soil amelioration projects, and for rural development projects. They also give marketing loans (for cotton, rice, and wheat) and organise pest control operations through the co-operative. These credits are taken up against crops, land and cattle. Those that are taken up against crops are seasonal short-term loans at subsidised interest rates (i.e. an interest rate that lies below the country's inflation rate) and farmers who apply for them have to have land holdings registered at the agricultural co-operative. For one feddan a farmer could, in 1995, get a medium-term loan of about L.E. 5,400. Official interest rates varied between 12-16%, but from the interviews I concluded that local branches must be adding a few percent ("administration fees"), since most farmers I talked to mentioned an interest rate of 17-22%.
The loans are often spent for other purposes than those mentioned to the PBDAC employee who grant them. They are often used for marriage or construction expenses, and the purchase of cattle. Usually farmers pay back their loan and the interest in the assigned period of time. If they do not repay in time, they can be granted an extension of 1-2 months, in which they usually come up with the necessary amount. Only after several warnings does the PBDAC instruct the police to confiscate cattle and any electrical appliances found in the farmer's household. In Kafr Nurah, there is not a single farmer who had to sell his land to repay the PBDAC. This is probably so because the loss of land equals the loss of a livelihood to a farmer and is generally avoided. As a result of this reluctance to foreclose, farmers' unsettled debts to the bank branch in Nahtay since 1977 (when the local PBDAC branch was established) have reached the amount of L.E. 70,000.

Corruption was and still is very prevalent among co-operative and PBDAC employees. At the co-operative, records on farmers' obligations towards the bank and the co-operative were often falsified and farmers ended up paying more than they owed. Rich large scale farmers often bribed employees to get a larger share of fertiliser than their land holding entitled them to. With the loss of its power and the control over Kafr Nurah's farmers, corruption has ceased in the local co-operative. In the local branch of the PBDAC in Nahtay, on the other hand, corruption is still prevalent. A trader of animal fodder and fertilisers, among others, from the village recounted an incident that took place during my fieldwork. The PBDAC branch
in Nahtay had just received fertilisers from the Ministry of Agriculture and Land Reclamation to be sold to farmers according to the size of their land holding. At that time (end of August 1995) the price of a 50 kg sack of urea was about L.E. 50-52 on the free market, whereas the PBDAC sold the same sack for L.E. 25. A PBDAC employee signed out 2 tons of the fertiliser as sold to farmers for a total sum of L.E. 840. In reality he had given it to the above mentioned trader to sell with the intention of sharing the profit. The trader sold the ton of urea for L.E. 700 (2 tons for L.E. 1,400) to another trader outside the village and the profit of L.E. 560 was equally shared between himself and the PBDAC employee.

7.4 Conclusion

The agricultural co-operative and the PBDAC created the focus-point of all farming activities for every farmer in Kafir Nurah until the input market started becoming liberalised. Cotton was the crop that especially tied the farmers to these institutions and it remains the only crop that still involves a minimal, though necessary, contact with the co-operative until today. Since many agricultural inputs were sold at subsidised prices and crops were marketed at prices lower than their equivalent on the international market, farmers’ incentives were distorted. In Kafir Nurah, the average farmer only cultivated the traditional crops (cotton, wheat, maize, rice, and birsim) for the market and some vegetables for home consumption. A lack of know-how and investment capital prevented them from venturing into the cultivation of crops that were new to them. Farming was not been
rewarding enough and most of Kafr Nurah's households have had to send one or more of its members to earn money in non-agricultural activities. Nevertheless, farmers did act sensitively to market forces, as recent changes in the village's cultivation patterns suggested. Since 1992, rice had been introduced as a new crop, because profits were rewarding for those who planted it. In the summer season of 1995, Kafr Nurah's land territory seemed to be almost entirely covered with rice. Some farmers even contracted others to plant and cultivate the rice for them (a type of sharecropping) because they had no experience with this crop. Profits to be made with the 1995 rice crop depend on the government's decision to sell on the international market and on how much of it will eventually be sold there.

It can be argued that the changes in the co-operative system and the PBDAC in response to structural adjustments in the entire economy have had negative impacts on two levels. On the one hand, the fact that lists of land holdings are not updated and registered with the agricultural co-operative anymore does not allow the government, or anybody else for that matter, to keep records of the changing land ownership structure in rural Egypt. On the other hand, possibilities of obtaining agricultural credit have been complicated, if not made unattainable, for many small holders and tenants. If the PBDAC's credit policy is not changed drastically, moneylenders will once more dominate the countryside. A PBDAC operating with purely commercial objectives is, therefore, only in the benefit of those who have the financial abilities, i.e. not the small
holder who farms on up to 5 feddans, or possibly only rents the land. The role of a new agricultural co-operative system which operates on purely co-operative principles and entirely in the interest of its members, the farmers of rural Egypt is, therefore, essential for the survival of most of the country's farmers.
CHAPTER 8:
FARMERS AND THE MARKET

The systems for the marketing of agricultural production and for the provision of agricultural inputs are yet two other examples, besides labour migration, that demonstrate the extent of the 'embeddedness' of the Egyptian village into the national as well as the international market economy. Egyptian farmers are closely tied to the market through the sale of agricultural production and the purchase of agricultural inputs and other commodities for home consumption. The existence of the subsistence-oriented Egyptian small peasant has become a myth in these times of capitalist development in agrarian structures. Virtually all farmers sell at least part of their crops. On the other hand, they not only buy what they do not produce themselves, but often they might purchase ground flour or cleaned rice, while they have harvested the raw product from their own fields. They make decisions on what to cultivate according to production costs (including the amount of labour invested) and expected returns on crops. Many households may retain a smaller or larger part of the harvest of certain crops, such as wheat, maize, rice, birsim and some vegetables, for home consumption and/or for the sale in times of need for cash. Nevertheless, this strategy is often seen as rational profit-seeking behaviour, where the farmer prefers home consumption
over sale in the market, due to his evaluation of profitability.\textsuperscript{139}

8.1 The Market for Agricultural Inputs and Outputs

The process of agricultural marketing is very complex and involves many actors besides the farmers. Merchants, traders, middlemen, brokers, among others may be part of the marketing chain that eventually leads the agricultural commodity from the producer to the actual consumer. They have long existed, even while agricultural co-operatives were entirely responsible for the marketing of all traditional crops. This stems partly from the fact that regulations were never totally enforced\textsuperscript{140}, and partly from the existence of free markets for crops other than the state-regulated ones, like fruits and most vegetables, prior to market liberalisation. With the structural adjustment and the gradual liberalisation of markets, this group of merchants and traders, but also middlemen of all sorts, have come to play an increasingly important role in the marketing process.

It is not only in marketing that merchants, traders and middlemen have become significant. In the provision of agricultural inputs, as fertiliser, pesticides, seeds, farming implements and agricultural machinery, they have also been crucial. Black markets for inputs have long existed, but since the input market became totally liberalised, merchants and traders have increased tremendously in number.

\textsuperscript{139} Mehanna, Hopkins, and Abdel Maksoud (1994:130)
\textsuperscript{140} See Holmén (1991:218) on "ways to evade the system".
In some cases, such as the sale of fertiliser, monopolies were created and farmers were left at the mercy of a few large merchants who were able to control prices. The incident of summer 1995 is just one example that shows how traders, merchants and middlemen can profit at the expense of farmers by manipulating the supply in the free market and speculating on prices.

Traders perform a puzzling number of jobs and functions. According to Mehanna et al., "the Arabic vocabulary for the different roles is clear in principle, but the same individual may play what technically appear as several different roles." Traders do not simply buy and sell. They often act as intermediaries between the farmer and the real purchaser of the crop. In return they take a commission. According to Mehanna et al.'s classification, there are six different types of roles a merchant or traders can play. To the farmer, the big difference lies in whether the trader can pay in cash, or if he has to wait until the trader himself is paid by the higher order trader. Another difference lies in whether the trader has his own shop or storage place, or if he moves around among the farmers. Two types of middlemen are found: the 'agent' and the 'broker'. The 'agent' works on behalf of one merchant or big trader, whereas the 'broker' only brings buyer and seller together. In return they receive a certain percentage of the deal. Some of the merchants are 'commission agents' and 'traders' at the same time.

---

141 Gertel (1994:49)
142 See chapter 6.
143 Mehanna, Hopkins, and Abdel Maksoud (1994:134)
time, implying that they buy themselves and act as agents for
others. The ‘merchant’ runs a wholesale operation in a market
and usually specialises on certain crops. Under him works the
‘trader’, who, according to Mehanna et al. “truly controls the
capital in the marketing process”\(^\text{14}\). The ‘arbitrager’, on the
other hand, is someone who compares prices in different markets
or between villages and tries to capitalise on price differences
among them. He might offer higher prices to farmers than the
familiar village merchant or trader, and the farmer is faced
with the decision of breaking a commitment or making a bigger
profit. The last type of trader or merchant is the ‘contractor’
who usually works for a large institution and buys in bulk on
its behalf.\(^\text{15}\)

In all the dealings between farmers, middlemen and
traders, but also among the traders themselves, trust is the key
element, whether it stems from previous experience, acquaintance
or a good reputation. This social aspect partially explains the
long marketing chain that links producer to consumer markets. A
farmer might favour a less attractive deal with someone whom he
knows to be honest and trustworthy over a more lucrative one
with an ‘arbitrager’, or an unfamiliar trader or middleman. The
key to this lies in the fact that farmers are often not paid in
cash, but have to wait until their crop is paid for by the next
rank trader, who might also only be a middleman, in which case
the farmer has to wait even longer until he receives his money.

\(^\text{14}\) Mehanna, Hopkins, and Abdel Makoud (1994:135)
\(^\text{15}\) This classification is taken from Mehanna, Hopkins, and Abdel Makoud
Hopkins argues that, to some extent, trust is used as a substitute for capital in these commercial dealings\textsuperscript{146}.

8.2 Trading and Marketing in Kafr Nurah

Kafr Nurah’s traders fall into the category of ‘broker’, ‘commission agents’ and small ‘trader’ in the sense that they buy and act as agents for others at the same time. Most traders and middlemen do not have the access to the necessary capital in order to buy large bulk themselves. The first permanent village traders appeared around 1985 in Kafr Nurah. They developed from among the category of small farmers\textsuperscript{147} whose sons had to find additional sources of income because the income from the farm was not enough to support the entire family. The household became involved in the marketing network and often also in other non-agricultural activities\textsuperscript{148}.

‘Abbas, a villager I interviewed, is an example: He was 31 years old and married. He lived in his father’s house with his married brother and two unmarried sisters. His father owned 1.5 feddans and rented another feddan on the free market. ‘Abbas and his brother had gone to school and received diplomas. His brother helped the father with farming the land, while ‘Abbas opened a grocery/supermarket in 1989. He worked in it for two years before he decided that it was not a profitable business. He closed the store but in early 1993 he re-opened it, since then mainly selling animal fodder and fertilisers. At the same

\textsuperscript{146} Hopkins (1988:164-165)
\textsuperscript{147} Also see Rouchdy (1992:27).
\textsuperscript{148} See chapter 3.
time, he worked at the Local Council in Zifta and helped his father with the agricultural chores. Just before sunset, he opened his store and farmers or their wives came to acquire their needs.

Table 8.1: Prices of Commonly Sold Products by Kafr Nurah’s Traders in Summer 1995

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>dry animal fodder:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>'alaf tanta lil-ziyout wal-saboun dalangat</td>
<td>430/ton</td>
<td>32.5-33</td>
<td>36-37</td>
<td>75 kg</td>
</tr>
<tr>
<td></td>
<td></td>
<td>22</td>
<td>24</td>
<td>50 kg</td>
</tr>
<tr>
<td></td>
<td></td>
<td>30-31</td>
<td>34</td>
<td>75 kg</td>
</tr>
<tr>
<td></td>
<td></td>
<td>28</td>
<td>31</td>
<td>75 kg</td>
</tr>
<tr>
<td>'alaf mit-ghamr raddah (bran)</td>
<td>410/ton</td>
<td>11.5</td>
<td>23</td>
<td>25 kg</td>
</tr>
<tr>
<td></td>
<td></td>
<td>19</td>
<td>22</td>
<td>40 kg</td>
</tr>
<tr>
<td>fertilisers:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>urea</td>
<td></td>
<td>26</td>
<td>52 (Aug. '95)</td>
<td>50 kg</td>
</tr>
<tr>
<td>faransawi</td>
<td></td>
<td>20</td>
<td>38</td>
<td>50 kg</td>
</tr>
<tr>
<td>or natarat</td>
<td></td>
<td>22</td>
<td>40</td>
<td>50 kg</td>
</tr>
<tr>
<td>malh</td>
<td></td>
<td>17-18</td>
<td>27</td>
<td>50 kg</td>
</tr>
<tr>
<td>sobar</td>
<td></td>
<td>13</td>
<td>13</td>
<td>50 kg</td>
</tr>
<tr>
<td>makhrouta/shatf</td>
<td></td>
<td>15</td>
<td>15</td>
<td>50 kg</td>
</tr>
<tr>
<td>rice:</td>
<td></td>
<td>30</td>
<td>55-56</td>
<td>50 kg</td>
</tr>
<tr>
<td>flour:</td>
<td></td>
<td>gov.: 10</td>
<td>government: 16</td>
<td>25 kg</td>
</tr>
<tr>
<td></td>
<td></td>
<td>black m.: 65</td>
<td>black m.: 80</td>
<td>100 kg</td>
</tr>
</tbody>
</table>

At the time of my fieldwork, Kafr Nurah had 6 village traders who sold fertilisers, animal fodder, kerosene, and occasionally flour or rice. They all had stores, or at least storage areas in their houses where they interacted with farmers and conducted their sales. These traders did not only sell products, they also acted as marketing channels for farmers’ produce. They mediated between farmers and traders/merchants and organised purchases of specific crops (in Kafr Nurah mostly cotton, wheat, maize, and rice) from farmers in the village for larger traders in Nahtay, Zifta, El Santa, or Tanta. Usually, an agreement between the

149 Source: compiled from interviews with two traders.
larger trader and the village trader/middleman was made in advance. The larger trader asked the village trader/middleman to collect a certain amount, or as much as he can acquire, of a specific crop from the village and neighbouring villages. Sometimes the village trader/middleman was given an advance, but often farmers had to wait for payment until the higher level trader paid for the crop. Traders from outside the village were not very common, but several were known and had been buying crops from farmers in Kafr Nurah for several years. These traders did not sell to farmers in the village because they did not have permanent shops where they conducted their sales. When they bought from farmers, they usually paid in cash and mainly acted as commission agents, since they collected crops for higher level traders.

As mentioned above, trust was a key element in the relationship between farmers and traders in Kafr Nurah. It was the rationale lying behind villagers' preference for buying from and selling to traders living in Kafr Nurah or in neighbouring villages. Higher level traders were not only forced to engage commission agents from within the villages due to the lack of time for collecting crops from the farmers themselves, but simply because farmers preferred selling to traders they knew and trusted. I was told during several interviews that farmers would often rather settle for a lower price with a trader they knew and had previously dealt with, than selling more expensively to another trader they had not heard of. With the unknown trader there was an inherent risk of getting cheated while weighing or during payment. Therefore, he was avoided in
favour of a more trustworthy partner. According to a trader that was interviewed, farmers always preferred selling their crops to the agricultural co-operative or the PBDAC, because they were paid immediately and because they knew them. Nevertheless, if they knew a trader personally, they were bound to sell to him since such a purchase was more convenient, for crops were sold at the farm gate and farmers did not have to deal with transportation, and the prices were nearly the same. Previous research has also indicated that traders probably fix their buying prices in relation to the prices set by the PBDAC and the agricultural co-operative: “The market is affected by the presence of the state as a purchaser. Thus the price set by the state operates as a ‘floor’ price.”

The relationship of trust between trader and farmer had to go both ways: it was very important for the trader that he could trust his client as well, especially since he often sold on credit. Villagers frequently needed fertilisers or animal fodder, while cash was limited. Often they asked traders to sell them some fertiliser or a sack of bran for the cattle on credit. They did not pay or paid only part of the price on the spot and simply promised that they would clear their debts as soon as they got hold of some cash which usually happened after the harvest, when the crop was marketed. Whether clients did repay or not and at what point in time often remained open. Traders knew from experience which villagers kept their promises and which did not. They avoided selling to those who were known not to pay back in time. Some traders in Kafr Nurah did not sell on

---

150 Mehanna, Hopkins, and Abdel Maksoud (1994:83)
credit at all and they were thought to be better off since "a trader needs cash all the time so he can purchase and sell more. The higher the turnover rate, the more the profit"[51]. Nevertheless, social constraints and obligations often hindered a trader from acting in a purely commercial manner.

Table 8.2: Revenues for Traditional Crops Grown in Kafr Nurah for 1994 to 1996[52]

<table>
<thead>
<tr>
<th>Crop</th>
<th>Unit of Measure</th>
<th>in kg</th>
<th>Prod. per Feddan</th>
<th>Price in L.E.</th>
<th>Total Revenue in L.E.</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>birsim</td>
<td>per qirat</td>
<td>-</td>
<td>3-6 harvests</td>
<td>7-15</td>
<td>504-1080, 1800-2160</td>
<td>beg. of season, end of season</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>on 24 qirats</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

8.3 Conclusion

With liberalisation, the previous functions of the agricultural co-operative and the PBDAC are being taken over by market forces. Private traders and merchants are providing agricultural inputs and organising the marketing process and

[51] Comment by trader interviewed in Kafr Nurah
[52] Compiled from interviews with farmers (data for 1996 was gathered separately in Dec. 1996)
the PBDAC is being re-structured to operate like any other commercial bank. It is important to say that Egyptian farmers have long been active in the process of marketing through traders and in the purchase of agricultural inputs from the free market. Nevertheless, this is only true for specific crops and inputs which did not fall under government regulation. The withdrawal of the state from marketing and input provision did have a great impact on farmers, especially for crops which were previously highly regulated, like cotton and rice. Crop prices have increased with liberalisation (see table 6), but so have input prices and all other goods and services. Judging from farmer’s responses to the question of whether they are doing better than in the early 1990s, it is highly likely that the rises in crop prices have been more than outweighed by rises in input and consumer prices.

The relationship between farmers and traders is a complex one. For now, traders have the upper hand. A merchant I had talked to insisted that he only made about 10 L.E. profit for every ton of fertiliser, but soaring fertiliser prices during the time of my fieldwork were telling me a different story153. Two farmers I spoke to in November 1996 agreed that the government should continue organising fertiliser distribution, “otherwise the traders will control us, like what happened during the cotton season last year”. The Egyptian small holder is very suspicious of traders and preferred dealing with the co-operative, which at least did

153 The description of the ‘fertiliser crisis’ of summer 1995 can be found in chapter 7.
not have private interests and was somewhat reliable. Farmer incentives and production levels will depend a great deal on the future development of marketing networks and crop prices.
CHAPTER 9:

ALTERNATIVE SOURCES OF INCOME AND LIVELIHOOD STRATEGIES

From the previous chapters it has become apparent that life in the Egyptian countryside has increasingly become integrated into the capitalist market economy. Especially small holders, but also the rest of the rural population have been experiencing increasing economic strains in recent years. Input prices have been rising steadily, and so have consumer prices and farmer households’ expenditures on luxuries. Access to credit is limited and the expansion of agricultural land base is usually not possible due to high prices, and limited availability. In spite of these disadvantageous conditions, farmers are securing a livelihood. This chapter will describe ways in which farmers engage in income-generating activities, additional to agricultural production.

Glavanis and Glavanis (1983) and Weyland (1993), among others, have both noted the persistence of the small holder’s household in view of the given pressures. Weyland found in her research that farmers are not passive: they are “as actors purposefully developing survival strategies and translating them into action within a given structure”. The inhabitants of Kafr Nurah are also promoting various such

\[15\] Weyland (1993:171)
strategies. They sustain, transform, and adapt their livelihoods in response to change in order to secure their basic needs within the capitalist market economy.

It is difficult to draw links between economic hardship and people’s responses to it. Nevertheless, I attempted in my fieldwork to discover whether people believe that their standard of living had been improving or not over the last 5 or so years. I did so by simply asking them about their opinion on the matter, but I also tried to draw conclusions from the household’s assets (land, labour, livestock) and income generating activities which have (according to the respondents) altered over the last years.

The Egyptian small holder finds himself in an environment where prices of inputs have increased drastically, but crop prices have only modestly gone up. Inflation and increases in prices for consumer products have lead to a situation where a small farmer’s real income has been decreasing since the mid-1980s\textsuperscript{155}. Credit accessibility for small holders has always been limited, unless they owned the piece of land they were farming or rented one under the old tenancy law. With law No.96 of 1992, the possibility of accessing credit has been further diminished. Responses to the tightening of economic opportunities have included income diversification off the family farm and increasing women’s chores on the farm. The strategies that I identified can be classified into the following categories:

\textsuperscript{155} Gertel (1994:43)
• seeking agricultural wage labour,
• seeking additional work opportunities outside agriculture (this may involve commuting back and forth between a town/city and the village or temporary migration to a town/city, or even abroad),
• changing role for women in the household,
• enhancing the relative importance of livestock production as a buffer to economic crisis, and
• securing part of the harvest of traditional crops (mainly wheat, rice and maize) for home consumption.

9.1 Off-Farm Income Generating Activities

Holmén found that on average 1.5 members of the rural family are engaged outside agricultural production and that households depend on a multitude of income sources\textsuperscript{156}. In a typical household in Kafr Nurah at least one of its members seeks income outside the family’s agricultural production process. This can take on the form of regular, or occasional, jobs as an agricultural labourer on farms of one of the larger farmers. In Kafr Nurah, the going rate for a male labourer lied between L.E. 10-15 a day in 1995, depending on the length of the day, whether a meal and tea are offered, and on the type of the chore. Women and children are usually only employed for harvesting, especially of cotton. Their daily rate lies between L.E. 6-8.

\textsuperscript{156} Holmén (1991:247)
Bach noted that there are three types of employment outside agriculture which are common. They are: "government jobs, work abroad, and work in private or parastatal industries in one of the new desert cities". The types of non-agricultural occupations identified for Kafr Nurah seem to confirm these findings. Many villagers, especially the educated younger generation, work as government employees in the district town of Zifta or in the governorate’s capital Tanta. The law which guarantees every graduate a job with the government was introduced by Abdel Nasser, and has not yet been repealed. Results are overstuffed offices, disguised unemployment, low salaries (usually between L.E. 120 and L.E. 200 basic salary and extras) and a waiting period of up to 7 years after graduation until initial employment. Nevertheless, many villagers are employed in these government offices, as civil servants or as helpers (sa’i or farash). These people are government employees in the morning and farmers in the afternoon. Their wives, or older sons, and the children tend to land and animals, while they are at work. A situation exits where farmers come to see the "securing of non-agricultural work as the principal employment, with farm work taking a subsidiary form". This phenomena, called "part-time farming" by Holmén, is also widespread in Kafr Nurah. In more recent years an increasingly large number of heads of households, and/or their older sons, divide their efforts between agriculture and other occupations.

157 Bach (1996:6)  
158 Commander (1987:144)  
159 Holmén (1991:254)
Mustafa is an example: he is a government employee who travels to Alexandria once a week where he works as an imam (Islamic preacher) in a military mosque. He is hired full-time, but winds up travelling there every Thursday evening to do the Friday prayers and on special Islamic feasts only. Additionally, he and his wife run a small day-care centre in his house, for children under school-age. He takes in about 20 children, each child having to pay L.E. 6 a month. Whenever time permits him, he helps his father to farm their land (2.25 feddans). Others drive a pick-up for local transportation, work as self-taught village electrician or plumber, or earn money as teachers, traders, or shop-owners. The money earned increases the household’s income and enables family members to obtain luxury commodities, like washing machines, T.V.s, kitchen equipment, pieces of furniture, etc., besides the daily needs.

9.2 Migration

One or two of the older sons of the household head might migrate to Cairo or another city, where they work in cafés, restaurants, and hotels as waiters and cooks. Alternatively, they might be employed as labourers on construction sites or in the industrial sector, where they work in large factories or companies. Young girls and women might be sent off to work as servants in rich people’s houses in Cairo, although in Kafr Nurah only the poorest households resort to this method of increasing their income. Tourism seems to make up the biggest share of employing young migrant villagers. In the
sinai (Taba, Nuweiba, Dahab and Sharm El Sheikh), on the Red Sea coast (Hurghada and Safaga), but also in Alexandria and El Arish, waiters, cooks, and cleaning staff are composed of young people who have left their villages in search of better job opportunities and improved wages. Sometimes, the decision to migrate is made individually by the person in question. He wants to earn a better living for himself, or wants to save to be able to get married, start a small business, or buy a certain consumer good. At other times, it grows out of the rural household’s need for securing a living, and the migrant has to send home his earnings regularly, for the family to make ends meet.

Temporary migration abroad has become a difficult option for most households in Kafr Nurah. In the mid-1980s, almost every household had one of its members working abroad, mostly in Iraq, Saudi Arabia, Jordan and Kuwait. Since the Gulf War, only 6 villagers remain in Iraq and most of those employed in Kuwait have come back. Opportunities are best in Saudi Arabia and Jordan, where most migrant villagers work as agricultural or construction labourers, drivers, servants, teachers and craftsmen. While in the past, international migration has been widespread in Kafr Nurah, now it is limited to households which are better off. It has been observed that temporary labour migration is a costly affair and depends on personal connections or contacts, which usually only wealthier families are likely to have.\footnote{Weyland (1993), Holmén (1991:255), Hopkins (1988)}
The seeking of additional income is not only a feature of the rural male population. Women have long been playing an increasingly important and very significant role in the household's income-generating activities.\(^{61}\) One the one hand, their labour position within the household has changed as they have increasingly been drawn into agricultural production, i.e. work in the fields. In Kafr Nurah, today, many women take the cattle to the fields, collect birsim and do other minor jobs in the field. Although, it is still frowned upon, more and more women, especially from poorer households and from households whose head is employed elsewhere and who do not have old enough male children, are involved with tasks which have previously been characterised as 'male' chores. Women have also been given greater responsibilities within the house. They have come to be largely responsible for all activities revolving around livestock and livestock rearing. Additionally, they are increasingly engaged in market activities.

Women have long been active in selling self-reared poultry, eggs, milk, and home-prepared milk products at local markets. Milk and eggs can be sold to agents who are collecting the products in the village for a dairy company in Tanta, or for distribution in Cairo. The milk-collector comes every day with his pick-up and women take their milk to the collection point. They are paid on a weekly bases at a rate

of L.E. 0.80 to L.E. 0.90 a kg (slightly less than one litre). The same milk will be sold to consumers for L.E. 2.00 to L.E. 2.50 a litre. Eggs can be sold through a similar mechanism at L.E. 1.00 for 6 eggs. Additionally, many women are active on the weekly local market, where they do not only buy food, but occasionally also sell their own produce, which includes milk products, eggs and home-reared poultry. A list of these products and their prices is found below. Without these income-generating activities of women, daily expenses for food, clothing and household utensils in small holder households could often not be met.

Table 9.1: Prices of Goods Produced by Women (Summer 1995)

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Price in L.E.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 kg (ca. 1 liter) of milk</td>
<td>0.80 to 1.00</td>
</tr>
<tr>
<td>1 tin of old cheese</td>
<td>15</td>
</tr>
<tr>
<td>1 kg of salty cheese</td>
<td>3</td>
</tr>
<tr>
<td>6 (beladi) eggs</td>
<td>1</td>
</tr>
<tr>
<td>1 kg of ghee (samna beladi)</td>
<td>9 or 10</td>
</tr>
<tr>
<td>2 pigeons</td>
<td>5 to 7</td>
</tr>
<tr>
<td>1 male duck</td>
<td>18 to 22</td>
</tr>
<tr>
<td>1 female duck</td>
<td>9 to 12</td>
</tr>
<tr>
<td>1 cock</td>
<td>7 to 9</td>
</tr>
<tr>
<td>1 chicken</td>
<td>6 to 8</td>
</tr>
<tr>
<td>1 turkey</td>
<td>45-50</td>
</tr>
</tbody>
</table>

9.4 The Importance of Livestock

Livestock has come to play an important role in every farmer household in rural Egypt. Government pricing policies have encouraged livestock production, because this sector has remained unregulated since the 1980s. This policy led to the

---

162 Source: women of 3 different households.
increased and prolonged cultivation of birsim, to speculation with cattle fattening, chicken farms (which were hit by diseases in the early 1990s and have not been as profitable since) and a lively market in poultry and milk products.

Table 9.2: Number and Type of Livestock in Kafr Nurah

<table>
<thead>
<tr>
<th>Type of Livestock</th>
<th>Number of Heads</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>male</td>
<td>female</td>
<td>total</td>
</tr>
<tr>
<td>Egypt. gamusa</td>
<td>180</td>
<td>517</td>
<td>697</td>
</tr>
<tr>
<td>beladi cow</td>
<td>30</td>
<td>415</td>
<td>445</td>
</tr>
<tr>
<td>donkey</td>
<td></td>
<td></td>
<td>139</td>
</tr>
<tr>
<td>camel</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>sheep</td>
<td>234</td>
<td>635</td>
<td>869</td>
</tr>
<tr>
<td>goat</td>
<td>39</td>
<td>126</td>
<td>165</td>
</tr>
</tbody>
</table>

Table 9.3: Number of Heads of Cattle in Kafr Nurah According to Type and Age

<table>
<thead>
<tr>
<th>Cattle Type</th>
<th>under 1 year</th>
<th>1-2 years</th>
<th>above 2 years</th>
<th>total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>male</td>
<td>female</td>
<td>male</td>
<td>female</td>
</tr>
<tr>
<td>Egypt. gamusa</td>
<td>152</td>
<td>176</td>
<td>-</td>
<td>35</td>
</tr>
<tr>
<td>beladi cow</td>
<td>30</td>
<td>111</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>total</td>
<td>182</td>
<td>287</td>
<td>-</td>
<td>38</td>
</tr>
</tbody>
</table>

Assuming 950 households in Kafr Nurah, one household would, on average, have 1.2 head of cattle (0.7 gamusa and 0.5 beladi cow). It has to be noted that a gamusa is valued much more than a beladi cow, because it is produces much more and richer milk than the cow. Therefore, the wealthier the household, the more gamusas it will own relative to cows. Some poor households do not own any cattle, nevertheless they have access to one or more through a system of shared

---

163 Source: Local Agricultural Census of 1993.
164 Source: Local Agricultural Census of 1993.
ownership. In this system, a rich villager gives a beladi cow or a gamusa to a poorer farmer. The farmer feeds it and is allowed to use the milk for his own purposes. In the case of cattle that does not give milk, the owner contributes about L.E. 200 a year to the fodder until the calf is sold or ready to give milk. The offspring or the profit from selling it is shared equally among both. The poorer farmer can buy the head of cattle gradually on credit from the owner, a process which takes several years. However, a farmer will have access to milk and cheese in the meantime, an important addition to the household’s diet and income.

Cattle and other livestock do not play a vital role in the farmer’s, especially smallholder’s, household solely due to their capacity in improving income and diet. They also produce manure which is used as organic fertiliser and is highly valued. Another significance stems from their buffer-function in times of need for cash. When a farmer needs money for doctor or hospital expenses, for the marriage of a son or daughter, the purchase of an expensive commodity or a piece of land, the paying off of a debt, or the construction of a house, stable, or additional floor, the sale of cattle is often the only means by which a small holder’s household can produce the necessary cash. The sale of a gamusa that gives milk can bring in L.E. 2,900-4,000, whereas a beladi cow can bring between L.E. 1,900-2,200. A fattened sheep can be sold for L.E. 350-500 during the time before the adha feast. A 10-15 day old calf can be sold for about L.E. 400-500 in the winter and L.E. 500-650 in the summer.
Bush found that

"ownership or sharing of gamusa provides a real opportunity for households to permanently augment income. Dairy sales provide an opportunity to create a link with the market and monetarist economy. Yet ownership of a gamusa also provides a survival mechanism for the household to abstain from the market and supply its own needs."\(^{165}\)

9.5 Home Consumption: A Strategy

This brings us to the next point, namely the extent of home consumption of household-produced agricultural commodities. During my fieldwork, I found that from all the households I interviewed those which have a land holding of less than 5 feddans are likely to keep part, if not all, of their harvest of rice, maize and wheat for home consumption. Additionally, milk, cheese and poultry are often only sold when cash is needed, but otherwise consumed within the household. This strategy should not be confused with subsistence production, since households are closely linked to the market in all aspects\(^{166}\). In fact, their decision to abstain from selling on the market can, in itself, be seen as a conscious process of decision-taking.

Market prices are unstable and traders not to be trusted. What is better than assuring the household’s food requirements first? Small quantities of the stored harvest can always be sold when in need for cash. The question is, whether this home-consumption orientation of the smallholder in Egypt has a negative effect at the national level.

\(^{165}\) Bush (1995:605)

\(^{166}\) See chapter 7.
9.6 'Eid: An Example

'Eid, a farmer who owns 1 feddan and 18 girats and additionally rents 6 girats under the old tenancy law, is a good example of a smallholder who combines the various strategies mentioned above to secure his households livelihood. He said “Every farmer needs a second source of income, other than agriculture, or he would not be able to live”. He worked as a road worker in Saudi Arabia for 4 years. His wife took care of the farm in the meantime and started organising and supervising the construction of the house they live in today from the remittances which he regularly sent back. She is famous in the village for having “stood beside her husband like a man during his absence”. When 'Eid came back to Egypt in 1985, the house was built and he brought back enough money to buy a large part of the land he owns now, at L.E. 200 the qirat. When there were 10 girats of land next to his plot for sale, he bought them for L.E. 10,000. For this amount of cash, he had to sell a gamusa, for which he got L.E. 3,000, and, to take up a credit of L.E. 3,000 at the local PBDAC branch against his land holding. The rest of the money he gathered by “selling things in the house”.

Around 1988, 'Eid and his household used to make money by buying calves, fattening them up and selling them again. They insured the calves at the PBDAC shunah which cost them only a small administrative fee, and took up a credit of L.E. 1,000 at a time against their land holding to buy fodder to fatten up the calves. “Nowadays,” 'Eid says, “this business is not profitable
anymore. Animal fodder has become too expensive. One 50 kg sack used to cost £E. 15 then, now it costs £E. 35". ‘Eid’s son, who is 19 years old, has been working in a cafeteria/restaurant in Cairo since he was 18. He sends them home between £E. 100 to £E. 200 every month. ‘Eid’s wife sells poultry, milk, cheese, ghee and the odd eggs to villagers in Kafr Nurah and at the weekly market in a neighbouring village.

Table 9.4: Shares of Home Consumption and Market Sales from ‘Eid’s Harvests

<table>
<thead>
<tr>
<th>Harvest</th>
<th>Land Size</th>
<th>Home Consumption</th>
<th>Market Sale</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.5 tons of rice</td>
<td>16 qirat</td>
<td>all</td>
<td>none</td>
</tr>
<tr>
<td>6 ardabs of maize</td>
<td>15 qirat</td>
<td>all</td>
<td>none</td>
</tr>
<tr>
<td>18 ardab of wheat</td>
<td>1 feddan + 2 qirats</td>
<td>all</td>
<td>none</td>
</tr>
<tr>
<td>5 tons of rice</td>
<td>1 feddan + 16 qirats</td>
<td>1.5-2 tons</td>
<td>6 ardab</td>
</tr>
<tr>
<td>3 ardab of maize</td>
<td>18 qirat (bad harvest)</td>
<td>all</td>
<td>the remainder</td>
</tr>
</tbody>
</table>

According to ‘Eid, “farmers who do not have an income source, other than from agriculture, cannot store part of their harvest for home consumption. They have to sell, in order to insure cash for the household expenses”. He himself proudly declared that he always keeps back some of the harvest for home consumption. The table above shows some of ‘Eid’s harvests for the seasons of 1994 and 1995 and the amounts he has kept for home consumption. Please, note that plot size varies from one entry to the other.

9.7 Conclusion

It is important to point out that some of the above mentioned strategies of coping with economic pressures like migration and women’s activities are, by no means, new to the
inhabitants of rural Egypt. Indeed, they have been present and reported since the early 1980s. What is relatively novel is the extent and magnitude of their importance in view of recent developments and the phenomenon of “part-time farming”.

All farmers interviewed agreed that living expenses have increased tremendously since 1990, while income from agriculture has only improved slightly. As a result, pressures on farmers to engage in off-farm income-generating activities have increased further. One farmer put it this way: “My eldest son works in a local cafeteria in Cairo. He sends us L.E. 100-130 home every month. It is this money that subsidises the farming activity. Without it, I would not be able to buy fertiliser, pay for irrigation and household expenditures.” In a small holders’ household which is only active in agriculture cash money is only available when a crop or part of a crop is sold. Yet, expenditures on fertiliser, irrigation, pesticides, ploughing, etc. have to be made all throughout the cultivation cycle, when cash is limited. Hence the importance of additional flows of income. The question that arises is what the fate of an agricultural production system is, that can not sustain itself through its own earnings and that depends on capital earned in non-agricultural activities.

167 See for example, Zimmermann (1982), Nada (1991), and Hopkins (1996).
CHAPTER 10:

CONCLUSION

Foremost, and before summing up and concluding, I would like to say that I do not maintain that my results are to be generalised to all of rural Egypt, but I would like to propose that they are suggestive of widespread trends taking place in many villages all over the countryside. Specific conditions and circumstances vary greatly not only between the North and the south of Egypt, but also between individual villages. The differences between farmers on fertile and highly populated areas of the Delta and those on reclaimed land are profound. In some villages the agricultural co-operative has not played a significant role in the last decade or so, in others its influence remains strong, even after market liberalisation. In some areas marketing structures are well developed, in others not. As a result, responses to the changing environment also differ. Nevertheless, broad directions of future development can be identified and depicted through the case study presented here.

This research has attempted to find an answer to the question of whether structural adjustment policies undertaken in the agricultural sector in Egypt are increasing rural differentiation and inequality in the countryside. Will the agrarian structure which has dominated rural Egypt since the agrarian reforms following the revolution of 1952, change
fundamentally in response to present policies? Will small holder production be replaced by agricultural production on large farms and estates? After studying one village in detail and after looking closely at the lives of individual farmers and their families, the above question cannot be solved entirely. Nevertheless, the research is able to shed light on the forces which are at hand in reshaping the structure of rural Egypt. This concluding chapter will seek an understanding of processes taking place in the countryside, like rural differentiation and diversification in small holder’s livelihood strategies in view of economic pressures, as a result of structural adjustment policies. Furthermore, it will attempt to visualise possible future developments regarding the social structure of rural Egypt.

These findings show that there are two opposite forces at play: one which seems to accelerate rural differentiation in Egypt’s countryside, the other, promoting the persistence of small holder households, in spite of increasing differentiating pressures. The outcome will depend on the extent of the two forces and on the policy environment they are operating in.

As mentioned in the introduction, structural adjustment policies have been criticised extensively for neglecting the needs of the poor and for increasing uneven distribution of income, and hence, for social differentiation. Bush, for example, maintains that the "structural adjustment programme (SAP) in agriculture has promoted market liberalisation,
'getting the prices right', changes in land tenure, promotion of cash crop production and the general neglect of peasant interests who have access to less than 5 feddan of land."148. Abdel Aal also found that the negative impacts of SAPs in agriculture tend to affect the poorer segments of rural Egypt more profoundly.169. Rouchdy went further when he distinguished between various categories of rural inhabitants but, likewise, concluded that "it is likely that the newly implemented policies, the economic structural adjustment in the agrarian system, will only add to the socio-economic gap between the various categories"170. Nevertheless, she found indications for the persistence of the small farmer household and saw it as an indispensable unit for the expansion of the more privileged categories of the countryside171. Hopkins maintains that there is no fear for the disappearance of the small farmer household, despite economic pressures. What are likely to change, are the functions played by the farmer household.172 The role and functions played by the small holder household in rural Egypt have changed significantly over the last two decades or so. Only through 'subsidising' agricultural production by income diversification (as one small holder put it during an interview), has the small holder household been able to survive. One or more members of the household have to earn additional income, usually outside agriculture, for the family to make ends meet.

148 Bush (1996:2)
149 Abdel Aal (1996:1)
150 Rouchdy (1992:29)
151 Rouchdy (1992:29)
152 Hopkins (1993:124)
After what I have learned about the livelihoods of small holders in Egypt during my fieldwork, I can conclude that a distinction has to be made between short-run and long-run effects of the structural adjustment programme. I believe, that in the short-run, the small holder household will survive economic pressures by diversifying income sources and finding alternative employment opportunities. One or more family members are earning enough money outside household production to keep farming activities going, in spite of increasing economic difficulties. Therefore, I judge that the differentiating effect of the market liberalisation and reforms, will not be of great magnitude in the short-run. As aspirations and demands for other goods and services increase, which they have already been doing at an accelerated rate during the last 20 years or so, the younger household members, especially, are likely to move out of agricultural production and into other sectors of the economy.

With the difficulties of acquiring credit, the high cost of land purchases, the increasing cost of farm inputs, and the rising aspirations of all rural inhabitants, the increases in producer prices resulting from the liberalisation of marketing is liable not to cover costs. In the long-run, therefore, small holders are likely to become a gradually shrinking category, as they find it increasingly difficult to secure a living from farming. On the other hand, middle sized farmers and large landowners will be able realise good profits and will possibly be able to expand
their access to land, and hence their basis for livelihood. They will find it easier to receive credits from the PBDAAC and they will be able to take more risks than small holders, due to their economic standing. This will allow them to shift away from traditional crops (like wheat, birsim, maize, cotton) to more profitable production, such as horticultural crops. They will also be able to adopt new technologies, like hybrid varieties and drip irrigation, which, initially, not only involve higher risks, but also higher investments. The small holder, on the other hand, cannot afford experimenting. He cultivates the crops he knows best and will only invest in safe projects that will guarantee him the reproduction of his household, which is not necessarily equivalent to maximum profit. The fact that small holders often retain part of what they have grown themselves for home consumption, indicates the household's reliance on these crops as a safety mechanism that insures relative independence from the market. Buying from the market presupposes cash availability and the typical small holder household usually does not enjoy money liquidity.

Considering the fact that a majority of the rural inhabitants are facing increasing economic hardship in the 1990s, the question of whether rural unrest can be expected is a valid one. Speculations on the effects of the new tenancy law No.96 have varied. Many commentators are expecting unrest as land is being returned to landowners. Others anticipate land prices (and hence rent) to drop considerably, as supply of land on the free market goes up.
Small holders are expected to be able to pay going land rents, as income from crops goes up. This scenario will only materialise on the assumption that input prices are not going to increase significantly and that marketing channels are available to farmers.

This brings us to the important point of agricultural co-operatives. If the Egyptian government wants to prevent polarisation among farmers and increased levels of poverty in the countryside, the only viable option in a free economy environment seems to be an agricultural co-operative which guarantees and promotes small holder's interests. By 1996, traders for agricultural inputs and for the marketing of agricultural produce, larger farmers, and (land) speculators are becoming the new ‘elite’ of rural Egypt, as they control market forces at the expense of, especially, the small holder. A co-operative which functions according to true co-operative principles and is responsible for the marketing of agricultural produce for its members is strongly needed, as a way of reducing economic pressure on small farmers. A credit policy which does not only favour well-off farmers, but guarantees small holders access as well, is another necessity. At the end of 1996, the new co-operative law has not been worked out yet, but it seems to be clear that much of the future of small holder development will depend on this new law. The example of the fertiliser crisis in summer 1995 demonstrates the devastating effects the sudden withdrawal of

173 Gertel (1996)
174 See also Mehanna, Hopkins, and Abdel Maksoud (1994:140-141).
government control and the establishment of 'free hand of the market' can have. The problem seems to be that farmers are acting in a near void after the implementation of structural adjustment in agriculture. The role of the government through its PBDAC banks and agricultural co-operatives has not been replaced by a competitively functioning market or the private sector.

The change in the social and productive structure of the countryside will also have an effect that can be felt at the national level. As previously established, agricultural production in Egypt consists mainly of small holder production. As this category of rural inhabitants finds it increasingly difficult to survive on agriculture, its members will gradually move out of the rural production system and into urban areas, possibly magnifying problems of urbanisation and unemployment. Since it is the small holder, who produces the bulk of food and cash crops (cotton) in Egypt\textsuperscript{176}, the production structure of the agricultural sector is also likely to alter with the shrinking of this category of farmers.

I can conclude from my research that the agricultural reform strategy formed around structural adjustment benefits farmers with larger holdings, merchant and traders, whereas it threatens to undermine the way in which the majority or rural Egypt's population insures their livelihood. I would like to conclude with Bush's words:

\textsuperscript{176} Bush (1996:3)
Reforms which focus upon the need to promote market liberalisation and the removal of subsidies to agricultural inputs neglect the fundamental crisis in the character and nature of the productive system which Egyptian farmers are confronting: land fragmentation, costs of inputs and irrigation, relative powerlessness of producers in their dealings with traders and with traders and merchants over farm-gate prices.177
REFERENCES


APPENDIX:

GUIDING QUESTIONS FOR SEMI-STRUCTURED INTERVIEWS

A. Information on the Village:

1. size in feddans (zimam al-qariya)
2. population ('adad al-sukkan)
3. number of households ('adad al-manazil)
4. largest land holding registered in the co-operative (hiyaza)
5. smallest land holding (hiyaza)
6. average land holding (hiyaza)
7. number of tenants (musta'gereen)
8. infrastructure (water, electricity, telephone), when were they introduced?
9. distance to tarmac road
10. district (markaz)?
11. governorate (mohafaza)?
12. mayor ('umdhah)?
13. Agricultural Co-operative (al gam'iya al zira'iya)?
14. FBDAC (bank al qariya)?
15. Health Clinic (al wihda al sihiya)?
16. Veterinary Clinic (al wihda al bitariya)?
17. schools?
18. mosques?
19. cemetery?
20. shops and what is available in them?
21. traders and merchants:
   a. for crops
   b. for pesticides
   c. for seeds
   d. for fertilisers
22. what crops are common in the village? (al takween al zira'i)
23. migration to Arab countries

B. History of the Village:

1. big family in the village according to a key informant
2. reform land, credit land, reclaimed land (ard islah, ard i'timan, ard istislah)
3. development of land distribution in the last 200 years
4. according to a key informant
5. succession of 'umdhah
6. anything special about the village?
C. Questions for Small Holders:

(A) PERSONAL INFORMATION

1. Name, age, relation to head of household, occupation, education

(B) LAND AND CROPS

2. size of land holding (owned, officially rented, informally rented)
3. since when do you cultivate on this size of land holding?
4. what kind of crops do you grow?
5. kind - for home consumption - for the market?
6. crops presently on the land and their distribution
7. crops on the land during last season and distribution

(C) MARKETING

8. how were last season's crops marketed?
9. how are this season's crops going to be marketed?
10. did you plant any different crops years ago? which?
11. how have crop marketing prices been developing?
12. what new crops do you presently cultivate?

(D) INPUTS

13. where do you get your inputs (fertilisers, pesticides, seeds) from?
14. where did you used to get your inputs from?
15. how have the prices of inputs been developing?

(E) CREDIT

16. do you ever borrow money or buy things on credit?
17. where can you get a credit from? (bank, private traders, family, friends, the co-operative,...)
18. was it easier to get credits in earlier times? why?

(F) THE AGRICULTURAL CO-OPERATIVE

19. what services can the agricultural co-operative offer you today?
20. what services did the co-operative offer you in the past?

(G) PRIVATE TRADERS AND MERCHANTS

21. for what goods and services do you use private merchants and traders today? (list of goods and where the farmer gets them from)
22. are private traders and merchants cheaper than the gov. services?
23. have private traders increased? if yes, in which areas?
(H) ADDITIONAL SOURCES OF INCOME

24. does your household have any additional sources of income, next to the farming activity? what are they? (poultry production, dairy production, wage labour, government employment, livestock management, other)

25. has your household always been engaged in these extra activities, when did it start them?

(I) TENANT-LANDOWNER RELATIONSHIP

26. do you rent any land? if yes, how much?
27. do you know about the new law that allows landowner to do as they please with their land by 1997?
28. what are your plans concerning this land that you are renting?
29. is there an informal market for renting land? how much the feddan?
30. what do you expect to happen in 1997? and why?

(J) PERCEPTION OF FARMERS OF THEIR RELATIVE WELFARE (present-past)

31. how is your living standard compared to 3-5 years ago?
32. are you making a better living?
33. present prices compared to 3-5 years ago
34. income today compared to 3-5 years ago

D. Questions for Private Merchants and Traders:

1. What kind of goods do you sell? Kind and price
2. How long have you been working as a merchant/trader?
3. What goods did you sell when you first started your business? Kind and price
4. Do you sell items on credit? If yes, to whom do you sell things on credit? What are the terms?
5. What do you do if people don't pay back?
6. Where do you buy your goods from? Kind - price - from where Have your purchasing prices increased in the last few years? for which goods?
7. Are you making a better profit now, or when you first opened the business?
8. Do you buy crops of farmers? Which crops? What terms?
9. Where and to whom do you sell them?
10. At what price did you buy last season's crop? At what price did you sell it?
11. And the season before?
12. Do the farmers prefer selling to you or to the co-operative?
13. Where do you buy, weigh and put into sacks?
14. Do you pay cash?
15. Is your business going better ever since the co-operative stopped selling fertilisers?
16. Has your business improved since the government allowed a free market for inputs and crops?

E. Questions for PBDAC Employee:

1. What is the name of the bank today?
2. What was its name before and when did it change?
3. What services does the bank offer the farmer today?
4. What services did the bank used to offer? When did it stop offering them?
5. Have any people been laid off at the bank recently?
6. Can farmers easily get credit from your bank?
7. What are the terms and conditions?
8. What happens, if a farmer does not pay back his loan in time? Does this happen often?
9. Would you say that large scale farmers have an easier time getting credits than small scale farmers?

F. Questions for Large Scale Farmers:

(A) PERSONAL INFORMATION
1. Name, age, relation to head of household, occupation, education

(B) LAND AND CROPS
2. size of land holding (owned, officially rented, informally rented)
3. since when do you cultivate on this size of land holding?
4. do you farm it all the land yourself, or do you rent out some?
5. what kind of crops do you grow?
6. do you sell your harvest, or do you store it for home consumption?

(C) MARKETING
7. how do you market your crops?
8. did you plant any different crops years ago? which?
9. Are there any "new" crops that you have been cultivating in the last few seasons/years?
10. how have crop marketing prices been developing?
(D) INPUTS

13. where do you get your inputs (fertilisers, pesticides, seeds) from?
14. where did you used to get your inputs from?
15. how have the prices of inputs been developing?

(E) CREDIT

16. do you ever borrow money or buy things on credit?
17. where can you get a credit from? (bank, private traders, family, friends, the co-operative,...)
18. was it easier to get credits in earlier times? why?

(F) THE AGRICULTURAL CO-OPERATIVE

19. what services can the agricultural co-operative offer you today?
20. what services did the co-operative offer you in the past?

(G) PRIVATE TRADERS AND MERCHANTS

22. are private traders and merchants cheaper than the gov. services?
23. have private traders increased? if yes, in which areas?

(H) ADDITIONAL SOURCES OF INCOME

24. can your household live comfortably of your land or do you need additional sources of income?
25. does your household have any additional sources of income, next to the farming activity? what are they?
   (poultry production, dairy production, wage labour, {gov- ernment} employment, livestock management, other)
26. has your household always been engaged in these extra activities, when did it start them?

(I) TENANT-LANDOWNER RELATIONSHIP

27. do you know about the new law that allows landowner to do as they please with their land by 1997?
28. do you rent any land under the old law (hil-dariba)? if yes, how much? and what are you planning to do in 1997? do you rent out any land under the old law? (hil-dariba)? if yes, how much? and what are you planning to do with it, when you are free to do with it what you want (in 1997)?
29. is there an informal market for renting land? how much the feddan?
30. what do you expect to happen in 1997? and why?

(J) PERCEPTION OF FARMERS OF THEIR RELATIVE WELFARE
   (present-past)

31. how is your living standard compared to 3-5 years ago?
32. are you making a better living?
33. present prices compared to 3-5 years ago
34. income today compared to 3-5 years ago