

Urbanization and Agricultural
Policy in Egypt

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Urbanization and Agricultural Policy in Egypt

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Summary

Urban areas of Egypt are expanding rapidly, with 44 percent of all Egyptians living in urban areas in 1976, compared with 23 percent in 1937. The rapid growth of Egyptian cities largely results from the country's agricultural policies, although the total population is increasing rapidly also. Inexpensive food, more jobs, and better living conditions draw people to the cities, while forced production of certain commodities for less than market prices keeps rural incomes low. This study proposes changes in Egypt's agricultural policy, food subsidy, and land use programs to solve the problems caused by rapid urban growth.

Land tenure policies and traditional patterns of inheritance in Egypt have kept average farm size small, so that many farms are no longer economically viable. The Government's policies have required farmers to produce commodities such as wheat, which it buys at prices substantially below world market levels. These policies have kept rural incomes low and encouraged people to move from the countryside.

At the same time, Egypt's cities have offered better paying jobs, modern living, and inexpensive food which the Government subsidizes to keep the cities politically stable—at a cost of nearly \$2 billion in 1980. Urbanization has cost not only funds for the subsidized commodities but also valuable cropland. With less than 6 million acres of cultivable land, Egypt has been losing 40,000 acres of cropland a year to urban uses. The land lost is usually the most productive.

To stem rural outmigration and slow the rate of cropland loss Egypt needs to reform its policies. Forced production of commodities, especially wheat, should be ended. Food subsidy programs should be targeted for the poor, and commodities subsidized should be restricted to basic items. Egypt also needs to step up its reclamation efforts, use improved irrigation techniques, and decide on a direction of growth for its cities.

URBANIZATION AND AGRICULTURAL POLICY IN EGYPT.

By John B. Parker and James R. Coyle. U.S. Department of Agriculture, Economic Research Service, International Economics Division. Foreign Agricultural Economic Report No. 169

Abstract

Policies related to agricultural production procurement in Egypt have pushed people out of rural areas while food subsidies have attracted them into cities. Urban growth in turn has caused substantial cropland loss, increased food imports, and led to political and economic destabilization. This study examines the relationship between agricultural policy and the tremendous growth of urban areas, and proposes changes in Egypt's agricultural pricing, food subsidy, and land use programs.

Key words: Urbanization, cropland loss, urban growth, food imports, Egypt

Note: Cover photo is courtesy of the Egyptian Embassy, Washington, D.C.

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Urbanization and Agricultural Policy in Egypt

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Introduction

The tremendous growth of urban areas in Egypt is closely related to the formulation of agricultural policies. Although the Egyptian Government officially wants to limit the movement of people out of rural areas into the cities, many agricultural policies directly and indirectly encourage it. Egyptians worry about the loss of valuable cropland to urban areas and want to increase domestic food production, but keep prices paid to farmers for their produce artificially low. While trying to keep food imports at a minimum, Egypt maintains extensive urban food subsidy systems which do not discourage the demand for imported food. It appears that the Egyptians are attempting to keep urban areas politically benign with subsidies, but at the expense of their economy.

This study focuses on the two problems of cropland loss and increased food imports which have resulted from urbanization, with an analysis of the reasons for urbanization. The study also looks at solutions to the problems arising from urban growth. Egypt must soon solve the problems of urbanization which are rapidly destabilizing the country. Without solution, American interests in Egypt could well become complicated by the resulting growth in food aid needs.

Urban areas have always been the centers of importance in Egyptian society. In ancient and Muslim Egypt alike, they were the centers of political power and cultural advancement. Today, Egypt's cities are perhaps more important, for they are the centers both of political power and of political instability. The importance of urban areas in modern Egypt results from their extremely rapid growth and overall

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large size. The changes in urban population are astounding (table 1). The Cairo metropolitan area grew from just over 2 million inhabitants to over 7 million during 1947-76. But besides Cairo, all major cities in Egypt saw substantial increases in population.

Giza, Kalyubia, and Shubra el Khema are among the fastest growing areas. All are part of the Cairo metropolitan area and provide

Table 1—Population of major Egyptian urban areas

City	Census year				Percentage change 1947-76
	1947	1960	1966	1976	
	— — — <i>Thousands</i> — — —				<i>Percent</i>
Cairo	2,091	3,353	4,220	5,084	143.1
Giza	66	419	571	1,233	1,768.2
Kalyubia	130	NA	381	685	426.9
Shubra el Khema	NA	101	173	394	290.1
Cairo Metro	2,287	3,873	5,345	7,396	223.4
Alexandria	919	1,516	1,801	2,319	152.3
Mahalla el Kubra	116	188	225	293	152.6
Tanta	140	200	230	285	103.6
Port Said	178	245	283	263	47.8
Mansoura	102	167	191	258	152.9
Asyut	90	127	154	214	137.8
Zagazig	82	125	151	203	147.6
Suez	107	206	264	194	78.5
Damanhur	84	127	146	189	125.0
Fayum	74	112	134	167	125.7
Menia	70	100	113	146	108.6
Ismailia	68	116	144	146	114.7
Aswan	26	63	128	144	453.8
Shebein el Kon	42	NA	NA	103	145.2
Beni Suef	57	NA	NA	118	107.0
Suhag	43	NA	NA	102	132.7

NA = not available.

Source: *Population Census of Egypt*, 1947, 1960, 1966, and 1976.

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housing for people who work in Cairo proper. The city of Aswan has also expanded substantially since 1947, though its growth slowed between 1966 and 1976. Aswan's growth has mainly been a result of building the Aswan Dam, and shows a reversal of what has traditionally been an outward migratory trend in Upper Egypt.

The only cities showing small or negative growth between 1966 and 1976 have been Port Said, Suez, and Ismailia. This however, has resulted from the Israeli occupation of the Sinai and not because of a reversal in trend. Since the Israeli withdrawal from the eastern part of the Sinai and the reopening of the Suez Canal, all three cities have again been growing rapidly.

Table 1 deals only with the large metropolitan areas in Egypt, which had populations over 100,000 in 1976. If the smaller cities with 20,000 to 100,000 people are examined, the trend toward urbanization is even more striking. The proportion of people living in Egyptian cities of 20,000 or more increased from 14.5 percent in 1897 to 43.9 percent in 1976. The trend toward living in larger urban areas is occurring throughout Egypt (table 2). Giza and Kalyubia have the greatest percentage living in large urban areas, but this is a result of their basic function as suburbs of Cairo. In all governorates (the administrative unit equivalent to a Province), however, at least 20 percent of the population in 1976 were living in cities.

There are many reasons for increased urbanization in Egypt, most of which are closely related to Egyptian agricultural policy. Since the fifties, Egyptian policy has been to procure rural agricultural produce at prices substantially lower than those on world markets. This has had a tendency to encourage migration from rural to urban areas. At the same time, Egyptian policy has been to provide food to urban areas at highly subsidized prices. This accommodates the new arrivals from the countryside and keeps them politically manageable.

But there are problems associated with these policies. While encouraging migration from rural areas, Government procurement

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of agricultural products has discouraged expansion of agricultural production in both value and quantity terms. In addition, urban growth has meant the loss of a great deal of valuable cropland to housing, roads, and other urban uses (see fig. 1). In 1979 alone, this amounted to over 30,000 acres, mostly in the highly productive Nile Delta region of lower Egypt. This loss is especially acute since Egypt presently has less than 6 million acres available for cultivation, and desertland reclamation projects are adding little new land—only 19,000 acres in 1979.

On the other hand, food subsidy programs for urban areas have also generated difficulties. From 1965 until February 1, 1980, the price of balady bread, a coarse pita-style bread weighing 135 grams, was 0.5 piastre (1 piastre = 1.43 U.S. cents). With inflation, the real price of this staple has decreased, causing a per capita

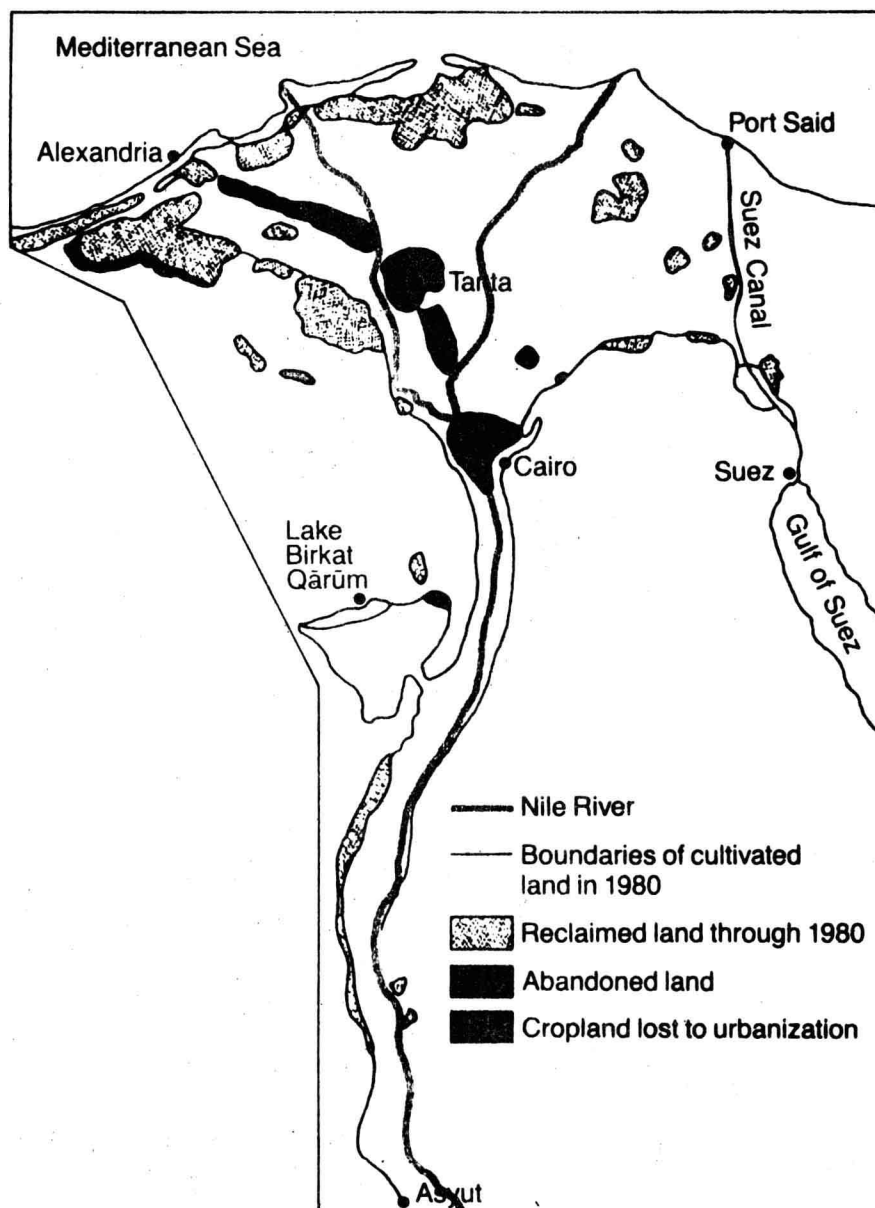
Table 2—Percentage of population living in urban areas, by governorate

Governorate ¹	1897	1917	1937	1947	1966	1976
	<i>Percent</i>					
Dakahlia	4.9	7.1	10.9	12.6	20.6	24.0
Sharkia	4.9	4.4	5.3	9.5	18.4	20.2
Kalyubia	0	0	12.9	15.5	31.5	40.9
Gharbia	6.9	9.9	13.2	19.4	31.6	33.4
Munufia	4.8	4.5	6.8	8.2	16.3	19.7
Behera	5.1	10.1	12.2	13.5	17.9	26.8
Aswan	0	15.9	26.5	31.6	35.1	37.0
Giza	0	0	5.5	11.0	39.2	57.0
Beni Suef	0	7.1	8.1	9.3	21.4	24.9
Fayum	16.2	17.4	14.2	14.8	22.0	24.2
Menia	4.6	4.6	5.5	13.0	19.9	21.0
Asyut	5.6	7.8	7.3	12.6	23.7	27.7
Suhag	4.1	10.3	13.1	13.4	19.9	21.1
Qena	3.9	5.2	9.9	14.6	19.0	22.9
All Egypt	14.3	17.3	22.9	29.4	41.2	43.9

¹Includes nonmetropolitan governorates only.

Source: *Population Census of Egypt*, 1897, 1917, 1937, 1947, 1966, and 1976.

Figure 1—Reclaimed land, cropland loss, and abandoned land, Egypt, 1980



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increase in demand. With more people in urban areas all demanding more food, and depressed domestic production, food imports have risen. In 1970, Egypt imported only 20 percent of its food needs. In 1979, that amount had risen to about 40 percent at a cost of \$2.6 billion. The volume and cost of these imports have become serious problems.

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Urbanization in Egypt has mainly been the result of migration from the countryside. This migration has in turn been the result of a push-pull process. Many factors have been pushing people out of the countryside, including severe population pressures in the rural areas, fragmentation of farm holdings, and Government pricing policies which keep rural wages low. At the same time, there are factors which work to pull people into the cities, such as employment opportunities, the promise of cheap food, and the appeal of modern city life.

Population Growth and Composition in Egypt

The population of Egypt has increased more than four times since 1897, from 9.6 million to an estimated 41.8 million in 1980 (table 3). Between 1897 and 1947, the annual rate of growth was relatively low, averaging between 1.1 and 1.9 percent. Starting in the fifties, however, the rate of increase rose dramatically to 2.8 percent. This was mainly a result of improved health care in the rural areas which has led to a considerable decline in the death rate. The death rate, which was 17.8 per 1,000 in 1952, fell to an estimated 11 per 1,000 in 1980 (table 4). The greatest part of this success can be attributed to decreasing infant mortality.

The birth rate also decreased during this period, from 45 per 1,000 in 1952 to 38 per 1,000 in 1980. But this decrease has not been consistent. The lowest rate was 31.4 per 1,000 in 1972. Combined with the death rate of 14.5, this rate yielded the lowest net increase in population in Egypt since 1952. Since 1972, however, the birth rate has begun to rise while the death rate has still been falling, leading to an overall rise in the rate of natural increase in Egypt. In 1978 and 1979, the annual growth rate of the Egyptian

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population was again up to 2.8 percent, and grew to 2.9 percent in 1980. These high numbers imply that Egypt's population will double in about 25 years.

Most of this population increase is occurring in the rural areas of Egypt. Rural areas in general have higher birth rates than urban areas. Families are traditionally large in the countryside, and in

Table 3—Population of Egypt

Year	Population	Year	Population
	<i>Thousands</i>		<i>Thousands</i>
1897	9,591	1965	29,389
1907	11,136	1966	30,146
1917	12,670	1967	30,830
1927	14,083	1968	31,542
1937	15,811	1969	32,271
1947	18,806		
		1970	33,017
1952	21,437	1971	33,780
1953	21,943	1972	34,560
1954	22,460	1973	35,358
		1974	36,175
1955	22,990	1975	37,011
1956	23,532	1976	37,866
1957	24,087	1977	38,845
1958	24,655	1978	39,882
1959	25,237	1979	41,010
1960	25,832	1980	41,800
1961	26,597		
1962	27,257		
1963	27,947		
1964	28,659		

Sources: 1897-1947, *Population Census of Egypt*; 1952-1979 Central Agency for Public Mobilization and Statistics, Arab Republic of Egypt; 1980, United Nations estimate.

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many cases, having a large number of children can still be an economic asset. But even though the natural rate of population increase is highest in rural areas, the net growth is not. Between 1966 and 1976, the urban areas grew at an average annual rate of 3 percent, while rural areas grew by only 1.6 percent per year (table 5).

Table 4—Population growth rate during 1952-79, calculated from birth and death rates

Year	Birth	Death	Natural increase
<i>Number/1,000</i>			
1952	45.2	17.8	27.4
1960	43.1	16.9	26.2
1961	44.1	15.8	28.3
1962	41.5	17.9	23.6
1963	43.0	15.5	27.5
1964	42.3	15.7	26.6
1965	41.7	14.1	27.6
1966	41.2	15.9	25.3
1967	39.2	14.2	25.0
1968	38.2	16.1	22.1
1969	37.0	14.5	22.5
1970	35.1	15.1	20.0
1971	35.1	13.2	21.9
1972	34.4	14.5	19.9
1973	35.7	13.1	22.6
1974	35.7	12.7	23.0
1975	36.0	12.1	23.9
1976	36.4	11.7	24.7
1977	38.4	11.9	26.5
1978	38.7	10.6	28.1
1979	39.0	10.7	28.3
1980	40.0	11.0	29.0

Source: Central Agency for Public Mobilization and Statistics, Arab Republic of Egypt.

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Land Fragmentation in Rural Areas

Another major reason for rural emigration is the severe fragmentation of landholdings occurring throughout Egypt. Many farms have become so small that they are no longer a

Table 5—Urban and rural distribution of population

Governorate	1966		1976	
	Urban	Rural	Urban	Rural
<i>Thousands</i>				
Cairo	4,220	—	5,084	—
Alexandria	1,801	—	2,319	—
Port Said	283	—	262	—
Suez	264	—	194	—
Ismailia	182	162	166	186
Behera	353	1,625	653	1,864
Damietta	115	317	143	414
Kafr el Sheikh	212	906	292	1,112
Gharbia	600	1,301	766	1,528
Dakahlia	470	1,815	655	2,077
Sharkia	389	1,719	530	2,091
Munufia	238	1,220	367	1,374
Kalyubia	381	830	685	989
Giza	647	1,003	1,379	1,040
Fayum	200	735	276	864
Beni Suef	204	724	276	832
Menia	339	1,367	431	1,625
Asyut	336	1,082	470	1,225
Suhag	336	1,353	405	1,520
Qena	279	1,192	391	1,314
Aswan	183	338	230	390
Red Sea	38	—	48	8
New Valley	59	—	34	50
Matruh	124	—	51	62
Sinai	131	—	10	—
Total	12,385	17,691	16,098	20,559

— = not applicable.

Source: *Population Census of Egypt 1966, 1976.*

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means of support. In Egypt, this fragmentation is partly a result of increasing population, but mainly a result of Egyptian Government policies and Muslim traditions.

When the Six Colonels under Gamal Abdal Nasser seized power in 1952, one of their first actions was to undertake a sweeping land reform. This was mainly done to break the power of the wealthy landlord class. Maximum landholdings were limited to 200 feddans (1 feddan = 1.038 acres), with sale of the excess permitted for short periods. Even with this provision, however, a great deal of land was confiscated by the new Government. Reforms occurred again in 1960 and 1965 when the limit of maximum holdings was lowered to 100 feddans.

Much of the land seized by the Government was distributed to very small or landless farmers. The amounts which these individuals received, however, were extremely small, usually less than 5 feddans. The number of farms which are less than 5 feddans has grown since 1952, while both the number of large farms and the amount of land these farms held have decreased dramatically (table 6). While perhaps desirable in terms of sociopolitical considerations, the economic viability of these small farms is questionable, and many people are moving to the cities in search of a better livelihood.

Another cause of land fragmentation has been the traditional Muslim pattern of inheritance. When a farmer dies, holdings are distributed among all the farmer's children, with the sons receiving twice that of the daughters. Given the large average size of Egyptian rural families, this means the holdings are so divided that no individual receives an economically viable plot of land. As a result, many family members sell their share to relatives and *move to cities to find work. Alternatively, they retain title of the inheritance, leaving it to be worked by other family members, and expecting to use the land later as a retirement plot. The amount of land held by these absentee landlords in some areas may be as much as 30 to 40 percent of the total amount available.*¹

With fragmentation of landholding caused by Muslim tradition and policies to keep farms small, farms are becoming smaller. As the

¹Estimate of the U.S. Agency for International Development.

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farm size decreases, the livelihood it provides also decreases. People leave rural areas for the cities as a result.

Government Intervention in Agricultural Production

Although population growth and land fragmentation have pushed people out of rural areas, the factors most encouraging this migration have been a variety of Government policies. These policies deal with forced production of certain agricultural products and procurement of these products at less than market prices. While these policies provide a major source of revenue for the Egyptian Government, they are also a source of irritation for the countryside. Because the prices paid for many agricultural commodities are lower than they would be with free markets, and farmers are required to produce these goods, rural incomes are kept low. Many people migrate to the cities as a result.

Cotton is the crop most strictly controlled by the Government. Until the return of the Sinai oil fields from Israel in 1978, cotton was the major source of revenue for the Egyptian Government. Its production is overseen by the General Egyptian Cotton Organization. This group controls the area which is planted, and provides seed, fertilizer, and pesticides for production through a system of farmer cooperatives. Farmers must buy these inputs at rates which are generally quite high relative to the cooperative purchase price. After the cotton is harvested, the cotton organization purchases the entire crop. The price paid for the cotton, however, is substantially below the world market price (table 7).

The General Egyptian Cotton Organization distributes some of the cotton to domestic textile mills and exports the rest. The largest quantity was formerly exported, but now most goes to domestic textiles. Since cotton is sold to domestic textiles at prices only slightly higher than those paid to farmers, most revenue is obtained through export (table 8), and is paid to the Government, not the farmers. Incomes of the growers are thus lower than they might have been.

Wheat, rice, and corn were controlled in much the same way as cotton, with production overseen by the Ministry of Agriculture in concert with the cooperatives. Lately, however, all controls have been phased out on corn, and only about 15 percent of the wheat

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Table 6—Distribution of landownership

Holding size	Before 1952 Land Reform Law			After 1952 Land Reform Law ¹		
	Land-owners	Area owned	Percentage of landowners area owned	Land-owners	Area owned	Percentage of landowners area owned
	1,000	1,000 fed.	— Percent —	1,000	1,000 fed.	— Percent —
Less than 5 feddans	2,642	2,122	94.3	2,841	2,781	94.4
5-10 feddans	79	526	2.8	79	526	3.6
10-20 feddans	47	638	1.7	47	638	3.6
20-50 feddans	22	654	.8	30	818	1.6
50-100 feddans	6	430	.2	6	430	1.0
100-200 feddans	3	437	.1	3	437	.2
More than 200 feddans	2	1,177	.1	2	354	.1
Total	2,801	5,984	100	3,008	5,984	100

continued