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THE CONCEPT OF SOCIAL JUSTICE IN ITS
APPLICATION TO THE CONTEMPORARY ECONOMY
OF THE EGYPTIAN PROVINCE

SALAH M. DABBAGH

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EGYPTIAN PROVINCE

SALAH M. DABBAGH

"On the one side, in fact, inequality harms by pampering; on the other by vulgarizing and depressing. A system founded on it is against nature, and in the long run breaks down."

Mathew Arnold.

PREFACE

The establishment of social justice has been declared, after the change of regime which took place on the 23rd of July, 1952, as one of the six major aims to be pursued by the new regime. Various measures were enacted which aimed at introducing more justice in the existing pattern of social, economic and political relationships.

The object of this thesis is to examine the extent to which these measures are conducive to social justice. Such an analysis has socio-economic as well as political aspects. The socio-economic aspects include the analysis of the measures which increase the economic welfare of the population and reduce the inequalities among the various classes. The political aspects include the analysis of the measures which expand the political and legal liberties, powers and privileges of the Egyptian population in general. This thesis will be confined to a study of the measures which have socio-economic impact on the Egyptian society. No analysis of the political aspects of the subject will be attempted. Political life is in fact conditioned to a great extent by the existing pattern of socio-economic relationships. Moreover, a proper analysis of the political aspects of the subject drives us away from the subject of economics.

The pursuit of the aims of social justice and the enactment of various measures which realize such aims meet

with a fundamental problem at the present stage of economic development of Egypt. This fundamental problem is the conflict of the aims of social justice and the aims of increased production. How this conflict is resolved in each particular case will be analyzed in the study of the various measures.

The analysis of the measures which were undertaken in the socio-economic field in order to increase social justice may be studied in three different approaches. In the first approach the various measures are grouped according to the three sectors of economy: agricultural, industrial and commercial; in the second approach the grouping is done according to the ends to be realized such as equality or welfare; in the third approach the measures are grouped according to the mechanisms and means which realize the ends of social justice. The first approach will not be adopted since the measures which aim at social justice are usually common to one or more sectors of the economy. For the same reason the second approach is not adopted - the measures to be studied usually achieve more than one objective of social justice at the same time. The third approach, i.e. classification according to means, is the most suitable. However, for purposes of expositional simplification, the classification of the various measures in the second chapter will be made according to the first and second approaches: the various measures aiming at having more equality in the agricultural sector of the economy are grouped together.

The means around which the various measures are grouped are the budget and labor legislation. A chapter will be devoted to an analysis of each of these mechanisms and in another chapter other minor measures will be analyzed. Before these measures are analyzed, it will be convenient to devote a chapter to the analysis of the concept of social justice itself in order to establish a criterion and a measuring rod by reference to which the various measures are distinguished and analyzed.

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ABSTRACT

The concepts of social justice are remote in the history of man. The modern concepts, however, are the direct outcome of the Industrial Revolution. These could be grouped around two main ideals : the ideal of equality among the various classes of society and the ideal of welfare of the individual.

The modern ideas of social justice remained more or less foreign to the Egyptian Society till a relatively recent period. This is mainly attributable to the slow movement of industrialization and the direction of the national efforts to achieve political independence and freedom from foreign rule. However, with the increased misery of the masses and the growth of the labor movement, demands for socio-economic reforms grew in importance. The awareness of the needs for these reforms was accentuated since 1952; the new regime which took power at that date adopted the establishment of social justice as one of its major aims.

To realize more justice in the existing pattern of socio-economic relationships, three main mechanisms were employed by the Egyptian Government - the agrarian reform law, the budget and labor legislation. The agrarian reform law redistributed income and wealth in the agricultural sector by redistributing land in favor of the poor peasants and

by reducing agricultural rents. By having a more progressive system of taxation and by extending the basic social services such as education and health to the masses, the budget reduces the existing inequalities among classes and contributes to the increase in the welfare of the citizens. Labor legislation, by being more protective of the interests of laborers and by enacting some schemes of social insurance, contributes to the fulfilment of the ideals of social justice.

The realization of the aims of social justice is not accomplished without problems and difficulties. One of the most basic of these problems is the conflict of the aims of social justice with those of increased production and an accelerated rate of economic development. In general, priority seems to be given by the Egyptian Government to the aims of increased production. This policy could be discerned in the field of labor legislation and in the budgetary receipts and expenditures. However, the aims of social justice were preferred to the aims of increased production in the agrarian reforms. In order to remove the unhealthy social and political consequences which resulted from the then existing pattern of relationships in the agricultural sector, social reform had to be introduced irrespective of its effects upon production.

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CHAPTER ONE
THE CONCEPT OF SOCIAL JUSTICE

I. EVOLUTION OF THE CONCEPT

Social justice is in essence an attempt to introduce ethics and morals into the field of economic and social patterns of organization. It is a protest against the injustices of the socio-economic relationships which exist in society and an aspiration to regulate these relationships in the light of certain ethical and moral principles. The concepts of social justice are remote in the history of man. From before the time of the Greeks, many thinkers have refused to accept the pattern of the distribution of income and wealth as inevitable and ordained. Man has always yearned to adjust his social conduct and the surrounding environment to some moral principles. The writings of these early thinkers were imbued, however, with ethical, religious, and spiritual ideas. Their economic and social thoughts were not independent but formed part and parcel of their metaphysical systems.

During the Middle Ages, the trend of thought remained substantially the same: "Economics was still a branch of ethics, and ethics of theology.... The legitimacy of economic transactions is tried by reference, less to the movements of the market, than to moral standards derived from the traditional teaching of the Christian Church."⁽¹⁾ This is illustrated -- as will be seen later -- by the problem of justice in pricing.

(1) R.H. Tawney, Religion and the Rise of Capitalism, (London: John Murray, 1926), p. 278.

The Middle Ages witnessed a stationary, closed and more or less stagnant economies. The stability in the Medieval society may be attributed to the fact that the economic system found its parallel in the political one and was even reflected in the spiritual order (the political unit of the manor constituted a self-sufficient economic unit and was a unit in the administrative organization of the Church). This stability may in turn explain the relative dearth of thought on the subject of social justice in that period since it is usually the periods of great social, economic and political change that constitute a place of fermentation and development of thoughts and ideas. What existed as thoughts on the concept of social justice was dominated by the writings of the Fathers of the Christian Church especially those of St. Thomas Aquinas. Unlike the overwhelming majority of the nineteenth century writers, Medieval theologians accepted their existing system of economic and social relationships and did not aspire to alter it completely and substitute a new system, a new Utopia, in its place. What they aimed at was to make some aspects of the system more consonant, compatible and harmonious with their a priori moral and religious principles. They tried to regulate certain facets of the economic and social life according to the principles of Christianity, but they remained within the Medieval socio-economic pattern of relationships. They were not concerned with the merits or demerits of the Medieval institutions, but with "the merits and demerits of individual behaviour within

the frame of given institutions and conditions." (1)

Two main ideas were formulated by the Medieval theologians in their effort to introduce Christian ethics and justice into the field of economic organization-- the concept of just price and the prohibition of usury.

The concept of just price was first formulated by St. Thomas Aquinas in the thirteenth century and later elaborated by St. Antonino and other theologians in the fifteenth. A just price is that price which is established by public authorities or, failing that, by the common estimation (communis estimatio) of competent and honest men according to certain criteria. These are labour and other costs of production according to St. Thomas Aquinas; later schoolmen-- such as Luis Molina (1535-1600) and Juan de Lugo (1583-1660) -- have added utility and scarcity.

Usury as a premium paid for a loan of money or goods which involves no risk to the lender was completely forbidden by the schoolmen. It was regarded as contrary to the Scriptures and to Aristotle; moreover, it was considered as contrary "to nature for it is to live without labour; it is to sell time, which belongs to God, for the advantage of wicked men." (2)

The concept of social justice analysed above differs fundamentally from the modern concepts of social justice. The modern concepts are not traceable to the Medieval period. Not

(1) Joseph Schumpeter, History of Economic Analysis (New York: Oxford University Press, 1954), p. 102.

(2) Tawney, op.cit., p. 43.

only the basic outlooks of the thinkers of the two periods are different, but also the detailed measures prescribed are not alike. Modern concepts are usually dissociated from theology and seek a more fundamental change in the patterns of the existing socio-economic relationships.

The modern ideas of economic and social justice were the direct offsprings of the Industrial Revolution. It would be wrong, therefore, to look for them in the French Revolution which broke out when the former had barely started.⁽¹⁾ "Except in Paris and Lyon, the industrial proletariat was small in number and insignificant in influence, and there was no consciousness that it formed a distinct class, with requirements of its own."⁽²⁾ In France of 1789 since consciousness of political and juristic inequalities was more important than that of economic inequalities, attack was directed not against inequalities of wealth but against political inequalities and legal privileges.⁽³⁾

The concepts of social justice and social equality as understood in the period of the French Revolution had no pos-

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- (1) The inventions which mark the beginning of the Industrial Revolution took place in the second half of the 18th century. Hargreaves invented the spinning jenny in 1765, Arkwright the water frame in 1767 and James Watt patented the steam engine in 1769.
 - (2) R.H. Tawney, Equality (New York: Harcourt Brace, 1931), p. 111.
 - (3) Article 17 of the Declaration of the Rights of Man speaks of the right of property as an inviolable sacred right. Charles Rist has rightly described the confiscation of the property of the church and the emigrés nobles as "a political and not an economic measure... fairly comparable with the historic confiscation of the property of Jews... and

itive economic content. The emphasis was laid upon political, legal and civil equalities. What was emphasized in the economic field was a negative measure -- liberty from restraints on the national and international levels. This was thought to maximize public welfare and to realize optimum social justice. Thus, "liberty and equality, which later generations have sometimes held to be incompatible, appeared for a golden moment to walk hand in hand."⁽¹⁾ Laissez-faire and laissez-passer constituted the motto of the period. If everybody were free to look after his own interest, public interests will be guarded by an invisible hand. The governmental machine, therefore, is more or less superfluous -- the best government being that which governs least. Adam Smith in referring to this concept of government writes, "Every man as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way, and to bring both his industry and capital into competition with those of any other man, or order of men."⁽²⁾ As to the ruler, Adam Smith continues, "he is completely discharged from a duty in the attempting to perform which he must always be exposed to innumerable delusions... the duty of superintending the industry of private people, and of directing^{it}/towards the employments most suitable to the interests of the society."⁽³⁾

Huguenots." C. Gide and C. Rist, History of Economic Doctrines, trans. R. Richards (2nd Ed.; Boston: Heath), p. 199.

(1) R.H. Tawney, Equality, op.cit.

(2) Adam Smith, The Wealth of Nations (New York: The Modern Library, 1937), p. 651.

(3) Ibid., According to Adam Smith, the state has three duties to attend to (i) the duty of protecting the society from

This current of thought prevailed uncontested. Its influence was strong enough to affect and alter existing patterns of governmental policies. On the international level, mercantilist practices were abandoned one after the other. On the domestic levels, the British Parliament abolished by 1814 all the provisions of the Elizabethan Statute of Apprentices;⁽¹⁾ France in 1791 put an end to the Corporation and guild systems; William Pitt in 1800 freed Ireland by the Act of Union from its complex system of manufacturing prohibitions.

This trend of thought characterized by individualism and liberalism did not remain for long uncontested in its position of predominance. Society was moving to new forms of organization and patterns of relationships which the old thinkers did not foresee. As industrialism and the use of machinery developed at accelerated rates, the bases of the Medieval and Post-Medieval society -- especially the manorial and the guild systems -- were completely undermined. New patterns of organization, ownership and work were developing. Those who were freed from the oppressive life of the manor and the burdensome regulations of the guild constituted the propertiless army of the proletariat which lived in destitution, wretchedness and

violence and invasion; (ii) the duty of establishing an exact administration of justice and (iii) the duty of erecting and maintaining certain public works and certain public institutions, which it can never be for the interest of any individual or group of individuals, to erect and maintain. Ibid.

- (1) This Statute contained various regulations relating to manufacturers and craftsmen such as the limitation of the hours of work and the fixing of wages by the Justices of the Peace.

appalling misery. Pauperism and squalor lived side by side with richness and extravagance. For the old political and juristic inequalities were substituted economic inequalities. Individualism, though able to abolish political and juristic inequalities, has accentuated by its own actions the inequalities of wealth and income.

A new trend of thought emerged in reaction and protest to the new hard facts of the socio-economic environment. It believed that social justice cannot be realized and economic ills redressed only by the negative measure of freedom from legal restraint; and it advocated a set of positive measures for reform. ⁽¹⁾ To this new current of thought, the generic name of socialism is usually given. Its central concept of justice may be explained as follows. "The objection to the absentee landowner, the absentee mineowner, the absentee shareholder generally, is that he is in fact an absentee owner, doing nothing and living prosperously notwithstanding... Hence, it is a fairly obvious suggestion that justice will be done and the unjust rights of property extirpated, if the

(1) This evolution in the concept of social justice may be well observed in the evolution of the meaning given to the idea of equality of opportunity. At the beginning, by equality of opportunity was meant the freedom for every citizen to climb the ladder of social classes with no legal obstacles to obstruct his way. The state, it was argued, should not impede the way of those talented citizens who are able to pass over social stratifications. Socialist writers criticized that meaning of the concept of equality of opportunity. They argued that only the very few and the exceptional can profit from such a situation. They pointed out that there is no actual equality of opportunity between a person born in squalor and misery and attacked by disease with no possibilities of his own

land is given to the peasant, the mine to the mineworker, and generally the tools and instruments to those who in fact are doing the work."⁽¹⁾

Socialism encompasses a diversified group of thinkers ranging from Robert Owen to Bernard Shaw and from Karl Marx to Pope Pius XI.⁽²⁾ If all these writers agree to their criticisms of the evils of the industrial and capitalist systems of production, they differ often in the reform measures which they prescribe to remedy these evils. It is not the object of what remains of this chapter to analyze each of these writers in detail, but rather to point out to the salient characteristics and concepts of each group and to analyze the differences among the various groups. This approach is justified for two main reasons. On the one hand, most socialist writers do not differ as to the ideals and ends they want to realize, but rather in the means and methods by which those ideals could be realized. On the other hand, the basic concepts of justice and equality⁽³⁾ are usually vague and ill-defined to many socialist thinkers.

to seek medical care and later education, and another born in completely different conditions. To them equality of opportunity should include the general extension of the social services and the means of civilization to all citizens, including the masses.

- (1) Alexander Gray, The Socialist Tradition (London: Longmans Green, 1947), p. 497.
- (2) His encyclical - Quadragesimo Anno contained a severe criticism against the capitalist system and laid the foundation for the Catholic school of socialism.
- (3) Proudhon, for example, writes of social justice as being "le Dieu suprême, elle est le Dieu vivant." De La Justice, vol. 1, p. 43; quoted in Alexander Gray, op.cit., p. 243. He defines it as "the respect spontaneously felt and

After the precursors of the new order (such as Sismondi) have demonstrated the inability of the existing system of production to ensure social justice, the demand for socialist reform took the form of the construction of utopias⁽¹⁾ by various socialist writers such as Robert Owen, Charles Fourier, and Louis Blanc. To these writers the name of Associative Socialists is usually given since they believe that "voluntary association on the basis of some preconceived plan is sufficient for the solution of all social questions."⁽²⁾ A new society or milieu should be created since effective liberty cannot be exercised unless transplanted into a new environment where private competition is abolished⁽³⁾ and the workers participate in reaping the profits. As other groups of socialists, the Associative Socialists advocated such measures as the reduction of the hours of work, the regulation of child and woman labor, and the improvement of hygienic conditions in the factories.

reciprocally guaranteed, of human dignity in whatsoever person and whatsoever circumstance it may be compromised, and to whatsoever risk its defense may expose us." De La Justice, p. 224 quoted in Ibid. According to Proudhon Justice would be realized and the evils of economic life remedied if the rate of interest were reduced to approximately zero.

- (1) The construction of utopias, as one author has rightly observed, is an important step in the evolution of any doctrine and "an essential preliminary to conscious social progress." Frank Graham, Social Goals and Economic Institutions (Princeton: Princeton University Press, 1949), p. iii.
- (2) Charles Gide and Charles Rist, op.cit., p. 231.
- (3) It is essentially Louis Blanc who stressed the disadvantages of competition and attributed all economic and social evils to it such as poverty, moral degradation and the prevalence of crime.

To this general trend of socialist thought Karl Marx and Friedrich Engels and later their followers - known as both the Marxian and Scientific Socialists - were opposed. Their opposition was directed against the ends to be realized and against the means by which these ends are to be pursued. As far as the ends are concerned, Marxian Socialism aims at the ideal of absolute mechanical equality. To the socialist maxim coined by the followers of Saint-Simon. "From each according to his capacity, to each according to his merit, Marxian Socialists have substituted the maxim, from each according to his capacity, to each according to his need."⁽¹⁾ As far as the means are concerned, the socialists, especially the Utopians, hoped to rebuild society through the peaceful diffusion of their doctrines by persuading all classes of society, the rich and the poor alike. Marx and his followers on the other hand believed that the emancipation of the workers must be the task of the working class itself; the working class should rely upon itself exclusively and, by rigorous organization, to fight its battle against the other classes.⁽²⁾ This has

(1) Oscar Jazi, "Socialism", Encyclopaedia of Social Sciences, vol. XiV, pp. 147 ff.

(2) G.D.H. Cole expresses beautifully this idea as follows, "the real dispute between the Marxist and the Utopian is a dispute about human nature. The Utopian believes that men are decent enough or rational enough to set about establishing a new order of society because they believe it right or sensible... To the Marxists reliance on this appeal seems mere sentimentality... Morality and rationality remain from the social point of view mere wind unless there is force behind them." The Simple Case for Socialism, (London: Gollancs, 1935), p.p. 195 - 196.

given the socialist movement a driving force and a revolutionary power.⁽¹⁾

Along with the Associative and Marxian trends of socialism, another trend has developed, the trend of State Socialism. This new current of thought had its origins as early as the writings of Saint-Simon, and it was developed by Rodbertus and Lassalle and culminated in the writings of the Fabians. The concept of the state which these socialists share is diametrically opposed to that of Marx. In a socialist society the state, instead of withering away, will experience an extension of activity to englobe almost every aspect of human life. The state is not an instrument of oppressing the poor, but the vehicle through which the situation of the poor is ameliorated and their conditions improved.

As part of the German trend of thought which glorifies the state, Rodbertus and Lassalle thought that socialist ideals cannot be realized except through the state which will enable man to attain ethical and social standards of life which he is unable to reach by himself.

(1) This is an important reason which may explain the spread of the communist ideology among the masses. Another equally important cause is the fact that the Marxist ideology as G.D.H. Cole brilliantly remarks "offers the oppressed three causes of comfort and assurance. It is satisfying to feel right and rational, it is satisfying to feel strong, and it is satisfying to feel predestined to victory. The proletariat is right because it stands against class oppression..., it is strong because numbers are on its side... The proletariat is predestined to succeed because all human history is a record of the emergence of oppressed classes to power, and after the

(1)
The Fabians believed that the extension of state activity (on the governmental, state and local levels) is the true criterion of socialist success. They advocated the nationalisation of land and capital. Rent and interest, in order to be more equitably shared, should accrue to the state and not to a certain privileged class.

Before leaving the concept of state-socialism a mention must be made to the allied concept (though differing in color) of social insurance. Social insurance originated in Germany and is closely associated with the policies of Bismarck who introduced sickness insurance in 1883, accident insurance in 1884 and disability and old age insurance in 1889. Various countries have enacted a set of social insurance measures which vary in scope and importance from one country to another. A comprehensive plan for social insurance has been prepared in England during the second world war by Sir William Beveridge. (2) This famous plan of Beveridge aims at

victory of capitalism over feudalism, only the proletariat remains enslaved." G.D.H. Cole, Ibid., p. 197.

- (1) The Fabians are a group of intellectuals who founded in 1884 in England the Fabian Society in order to help in the reconstruction of the social environment on ethical grounds. Most eminent among them are Sidney and Beatrice Webb, Bernard Shaw, Sydney Olivier and Graham Wallace. The word "Fabian" is derived from the Roman military leader, Fabius who combined in his wars against Hannibal patience and ability to strike hard at the right moment.
- (2) William Beveridge, Report on Social Insurance and Allied Services (London: Government Stationary Office, 1942).

freeing the population from want by securing to every citizen adequate food, shelter, clothing and fuel. According to the plan, "every individual, on condition of working while he can and contributing from his earnings, shall have an income sufficient for the healthy subsistence of himself and his family, ... to keep him above Want, when for any reason he cannot earn and work."⁽¹⁾ The plan, moreover, provides for children's allowances and free medical treatment for all citizens.

The Beveridge Report on Social Insurance and Allied Services does not introduce a new concept or a new philosophy of social insurance. It is essentially a plan - a set of practical measures for the realization of the security of the individual and for his freedom from want. With the Beveridge Report, social insurance remains as a "half-way measure between strictly individualistic methods of voluntary and private insurance and the collectivist or socialist demand of the right to maintenance and support. It rejects the implications of uncorrected individualistic organization of economic society based upon private property and the wage and profit system."⁽²⁾

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The historical analysis of the concept of social justice reveals a marked trend towards greater demands for equality among the various classes in society. At the period

(1) William Beveridge, Full Employment in a Free Society (London: Allen and Unwin, 1944), p. 17.

(2) I.M. Rubinow, "Social Insurance", Encyclopaedia of Social Sciences, vol. XIV, p. 137.

of the French Revolution, the existing trends of thought stressed liberty and freedom from restraints more than equality. Today, the idea of equality seems to have become more important than liberty. Though this trend towards equality is clear enough to be discerned by its general lines, yet the ways and means for its realization are still, as has been shown, questions of lively debate.

II. THE CONCEPT OF SOCIAL JUSTICE IN EGYPT

A. Before the Revolution of 1952 ⁽¹⁾

The aforementioned trends of economic and social thought remained foreign to the Arab World until its recent awakening. Since the thirteenth century, the Arab World underwent a long process of secular stagnation; it did not experience a revolution in its socio-economic organization similar to the Industrial Revolution in Europe and in certain other parts of the world. Egypt underwent the same process of stagnation since the reign of the Memlukes in the middle of the thirteenth century, a process which was intensified after the Ottoman conquest in 1517.

The period of awakening and revival in the modern Egyptian history is usually attributed to Mohammed Ali at the beginning of the nineteenth century under whose rule cultural contacts with Western Europe, especially France, developed. Moreover, Mohammed Ali initiated an important program of investment in industry, transport, irrigation and agriculture. Industrialization, that process of great socio-economic change, did not advance much, however, all through the nineteenth century because of the many technical difficulties with which it has met such as the absence of skilled

(1) The change of regime in 1952 was peaceful but it was called by its organizers a revolution. Following that usage, the term of revolution would be adopted in this thesis to denote the change of regime.

(1)
labor and the smallness of the market.

The beginning of the twentieth century marks some development in the factory system in Egypt - a development which was accentuated by the shortage of imports during the first world war. This last phenomenon brought into being many new industries which survived the war and favored the development of the already established ones. The foundation of Misr Bank in 1920, among whose aims was the formation of new industrial companies was an important step in the development of the Egyptian industry, and the year 1922 witnessed the creation of the Egyptian Federation of Industrialists.

In 1930, an appreciable increase in import duties was imposed in order to ward off the effects of the depression. This measure contributed to the further development of Egyptian industry since it meant a measure of protection against foreign competition. After 1952, the year of the Revolution, positive measures of encouragement were taken to favor and foster the creation and growth of industry such as the launching of a five-year plan for industrialization and the creation of a Ministry of Industry. These measures have opened new horizons in the face of the Egyptian industry.

The slow growth of the Egyptian industry, as traced above, may explain the almost absence of thought on socio-

(1) Moreover, the British rule over Egypt since 1882 did not take positive steps for encouraging Egyptian industries. See for a more detailed treatment of the subject of the rise of industries in Egypt, A.A. El-Gritty, The Structure of Modern Industry in Egypt (Cairo: Government Press, 1948).

economic questions in Egypt until very recently. Perhaps a more important factor which explains this dearth of thought is the fact that public efforts since 1882 were directed towards the realization of freedom and independence from British rule and domination. In the often quoted expression of Nehru, "for any subject country, national freedom must be the first and dominant urge."⁽¹⁾

This paucity of thought on socio-economic matters is observed in the political movement of Mustafa Kamel (1874-1908), the famous Egyptian leader and the founder of the Nationalist Party - Al-Hizb Al-Watani. The efforts of Mustafa Kamel and his party were directed against British domination and "apart from one solitary appeal for industrialization, there are no allusions in his writings or speeches to economic and social questions."⁽²⁾

In this respect, the Wafd party led by Sa'd Zaghlul and later by Mustafa Nahhas does not differ basically from the Nationalist Party. The Wafdists, being militant nationalists, had no comprehensive social and economic program for the country. When they were in power, however, they enacted some limited measures for the protection of the laborers and the petty bourgeoisie such as the reduction of the land tax, the trade union law of 1942, the laws on the compensation of workers of 1950 and an abolition of secondary school fees in 1950.

(1) Quoted in Charles Issawi, Egypt at Mid-Century (London: Oxford University Press, 1954).

(2) Ibid., p. 47.

On the governmental level, likewise, political issues occupied the central attention of public authorities. A review of the available declarations of the various governments before the Egyptian Parliament reveals the absence of a comprehensive program and a clear and precise policy in the socio-economic field. These declarations contain some socio-economic measures which are to be enforced such as the indemnization of peasants due to adverse economic conditions, the extension of health services to some villages and so on; ⁽¹⁾ but usually these measures are decided upon under the pressure of the circumstances and in no way do they reflect a basic positive social philosophy.

The increased pauperism of the masses coupled with their increased consciousness of their miserable situation and the development of the workers' movement ⁽²⁾ increased public awareness of social problems. This increased awareness is reflected in the growth of new trends of thought and the formation of new political parties which denounced the existing system of social and economic relationships and urged for more social reform. These parties are summarized here below:

1. The Socialist Party of Ahmed Hussein ⁽³⁾

The Socialist Party did not have a precise concept of social justice. It attacked the then existing social system

(1) For example, the declaration before the Parliament by the Prime Minister, M. Mahmoud, Waki' Misriyyah, No. 136 (12/12/1938).

(2) In 1942, there were 200 registered trade unions with a total membership of 80,000 workers, in 1946 there were 388 unions with 96,000 workers and in 1951 there were 488 unions with 146,000 members. Charles Issawi, op.cit., p. 174.

(3) The socialist party had a restless history. In effect, it is an offspring of the old Fascist Greenshirt Party of

but offered no solution or positive ideas to replace it. Its role was purely a negative one; in a widespread newspaper campaign it denounced the existing injustices and inequalities, accused the ruling classes and the royal family for that and called for open revolution. Its ideas were spread among students and some laborers and it had a seat in the 1950 elections.

2. The Communist Party

The Communist Party represents the Marxian-Leninist conceptions of social justice. It denounced imperialism with vehemence since freedom from imperialism is a first step towards the realization of its social revolution. The communist current of thought was small and ineffective before the Second World War, but it grew rapidly during and after the war. The communist party at that time was building a strong core to prepare for its further infiltration in the various institutions.

(1)

3. The Moslem Brethren

The principles of the Moslem Brethren are not limited to religious matters; they extend to all human affairs.

Ahmed Hussein. Before the war, it came to be known as Misr-al-Fatat or Young Egypt and in 1940 it changed its name to Al-Hizb al-Watani al-Islami - The Nationalist Islamic Party.

- (1) The Moslem Brethren al Ikhwan al-Muslimun - was founded by Hassan al-Banna, a government school teacher, in 1928. With the forceful personality of its leader and its remarkable centralized organization, it grew rapidly especially in 1936 when the Anglo-Egyptian Treaty was signed and in 1948 during the Palestine war. Later in that year it attempted a coup d'état which failed. The party was persecuted by the government and its leader al-Banna was assassinated by the agents of the king. In 1953, another

Their aspiration is to remodel human society in all its political, social and economic aspects on the principles of Islam. Their concept of social justice is derived from the teachings of Islam and is based upon two fundamental Islamic principles:

a. The Concept of Man

Islam, according to the Moslem Brethren, does not regard man as a place where material forces struggle against spiritual values, but rather as a unity where both the material and spiritual forces are given their fair play. Islam understands the basic capacities and weaknesses of human nature and builds its regulation of personal and social conduct upon the agreement and harmony of the two.

b. The Concept of Society

Society, according to Islamic principles, is not built on antagonism and struggle among the various classes, but rather upon mutual cooperation,

unsuccessful coup was attempted against the present regime. Now the party is banned, its organizations dissolved, its leaders arrested and its influence annihilated. Information about this party and its teachings is primarily taken from Ishaq al-Husaini, The Moslem Brethren (Beirut: Khayyat's Cooperative, 1956), and two books in Arabic by a Moslem Brethren intellectual, Sayyid Kutub, Ma'arakat al-Islam war-Ra'asmaliyyah, (The Battle of Islam and Capitalism) (Cairo: Dar-al-Ikhwān, 1952), and al-Adalah al-Ijtimaiyyah Fil-Islam, (Social Justice in Islam) (Cairo: Maktabat Misr). The views of the Moslem Brethren are analyzed with some detail on purpose since the Islamic concepts of social justice - though sometimes interpreted differently from the Moslem Brethren's interpretation - constitute the background of the modern concepts in Egypt.

brotherhood and solidarity among the various social groups.

From these two fundamental principles the following concepts are derived:

Private Property: The right to private property is established and protected provided that it be not obtained by illegal means specially fraud. Each year, however, the state is entitled to collect as tax a sum ranging between 2.5 and 5 percent of each individual's wealth. This charity tax - Zakat - is to be collected and spent by the state according to certain rules which are capable of change and evolution. In exceptional circumstances, when the society is endangered by foreign attack or by internal disintegration, the state may impose new taxes or even redistribute property and wealth according to^a new basis. In this case, private interests are to be sacrificed for the preservation of public ones. Thus it is seen that the right to private property is established to satisfy man's natural inclination to ownership; yet this right is limited by social considerations.

Work and Wages: Work is a fundamental value in the scale of socio-economic values and the right to returns from it may reach as far as half the

profits according to some Moslem jurists. Since the working conditions and the terms of employment of the modern era are not regulated by the Koran or by the Tradition, the state may decree any regulation it deems necessary for the safeguards of the interests of the workers provided it be in conformity with public interests.

Monopolization of Business: Sayyid Kutub writes, "Islam forbids the organization of monopolies and the system of concession for the exploitation of public utilities... Nationalization of public utilities is a basic principle in Islam."⁽¹⁾

Monopolies are forbidden because they are an instrument for increasing wealth in an unjust way and because they lead to the arbitrary fixing of prices and exploitation of workers.

Equality of Opportunity: Social, political or legal distinctions due to wealth, race, color, or birth are all prohibited in Islam. In a Moslem society differences exist among individuals not among classes or groups. Equality of opportunity will be realized if personal talent is left free to reach to whatever level and if social services such as health, education, food and shelter are provided freely and equally to all.

(1) Sayyid Kutub, Ma'rakat al-Islam War-Ra'smaliyyah, op.cit., p. 59.

B. After the Revolution of 1952

The Revolution of 1952 was a social as well as a political revolution. When it broke out, its objectives were formulated in six items, three of which dealt with socio-economic problems. These three items which were later included in the Preamble of the Constitution of 16 January 1956 are:

The extinction of feudalism;

The eradication of monopolies and the control of capitalistic influence over the system of government; and

The establishment of social justice.

The Constitution of 16 January 1956 contains various provisions which reveal its awareness of socio-economic problems and it draws the broad lines for their solution. Some of these provisions are:

Article 4:

Social solidarity constitutes the essence of the Egyptian Society.

Article 5:

The state guarantees liberty, security, safety and equality of opportunity for all Egyptians.

Article 7:

National economy is to be organized according to plans which conform to principles of social justice, and which aim at promoting national productivity, and raising the standard of living.

Article 8:

Private economic activity is free from state interference provided that it does not prejudice public interests, or endanger the people's security, or infringe upon their freedom and dignity.

Article 17:

The state endeavors to secure a decent living standard for every citizen, with the aim of providing food, housing, health, cultural and social services for all.

Article 22:

Social justice is the basic principle underlying taxation and other obligations.

Article 51:

Elementary education is compulsory, and freely provided in State schools.

Article 53:

The State guarantees fair treatment for citizens according to the work they perform. State regulation includes limitation of working hours, determination of wage-scales, insurance against work-injuries, and arrangements concerning holidays and leisure hours.

Article 54:

The Law regulates the relationship between workers and employers on economic basis taking into consideration the rules of social justice.

Article 56:

All Egyptians are entitled to the right to medical

care - a right sponsored by the State and maintained through the establishment of different hospitals and health centers, and by their gradual development. (1)

The political speeches of President Jamal Abd-El-Nasser and the responsible officers of the government contain explicit reference or implicit allusion to the various social and economic problems and the ways and means of their solution. Time and again President Nasser has declared that the Revolution is a social as well as a political revolution and has attacked social injustice and internal exploitation of the poor classes by the rich ones. "This Revolution," President Nasser declared, "is not only one revolution, but two revolutions at the same time - a political revolution and a social revolution... when the political revolution was having its way to eradicate British imperialism and political despotism, the social revolution was at the same time having its way to build a correct economic and social foundation." (2)

(1) These articles are taken from Part II of the Constitution entitled, "Basic Constituents of the Egyptian Community" which deals in general with social and economic problems. See also in particular articles 9, 18, 20, 23, and 49. An adequate translation of the Constitution into English has been performed and published by the Public Administration Department at the American University of Beirut.

(2) From a speech given in the Cooperative Conference, December 5, 1957 in Majm'at al-Khutab al-Kamilah Liseyadat ar-Rais Jamal Abd-El-Nasser (The complete Collection of Speeches of President Jamal Abd-El-Nasser) (Beirut: Al-Maktab Ashsharki, 1958) pp. 68 ff. The same idea is referred to in Nasser's book, Phalsafat ath-Thaurah, (Philosophy of the Revolution) (9th ed.; Cairo: Matba'a Alamiyyah), pp. 25 ff.

In his speech before the Cooperative Conference on December 5, 1957 President Nasser declares, for the first time, that the aim of the Revolution is the creation of a "Socialist Democratic Cooperative Society liberated from political, social and economic exploitation." This expression is often repeated by President Nasser and government officials in their various declarations and speeches. (1)

The features of this new order of society which is in the process of creation have been traced by President Nasser in his various recent speeches. (2) According to these speeches, socialism has negative aspects as well as positive aspects. The negative aspects consist of the abolition of the hated traces of the past such as the extinction of feudalism, the abolition of internal and external exploitation and the eradication of monopolies and the control of capitalistic influence over the system of government. The positive aspects of socialism consist chiefly of the building up of the

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- (1) See in particular the speech delivered by President Nasser in Beni Swayf reproduced in Al-Ahram, Vol. 84, No. 26270, (15-11-1958) and his speech before the Cooperative Conference of November 27, 1958 reproduced in Al-Ahram, Vol. 84, No. 26283 (28-11-1958) and the speech of Salah Bitar, the minister of national orientation in the central government reproduced in Al-Ahram Vol. 84, No. 26269 (14-11-1958).
- (2) References to these speeches are mentioned above. See in particular his speech of 27/11/1958 before the Cooperative Conference; see also the minutes of his meeting with the Syrian delegation of the chambers of commerce, industry and agriculture reproduced in Al-Ahram, Vol. 84, No. 26304 (19-12-1958).

national economy through the increase in the productive powers of society according to a plan which serves public interests and not the interests of a class or a group of individuals. The way to realize this is not by erecting capitalism of the state - a situation where the state is the only capitalist, but rather, by directing private capital by the state towards channels which serve most public interests. Private capital is free as long as its aim is not to act against or undermine public interest and does not extend its control over the system of government.

Cooperation is another foundation upon which society should be built in contradistinction to uncorrected individualism. This does not mean, however, a suppression of individual initiative and effort. The speeches of President Nasser reveal a staunch belief in the individual, his freedom, his personality and right to work as long as this is in agreement with the broad lines drawn in the Constitution. Cooperation is to be developed mainly by developing agricultural cooperative societies and by the spread of social insurance schemes in which the state, the employers and the employees cooperate for insuring the latter group against death, accident, disease and disability to work.

The new order of society - the socialist democratic cooperative society - is not borrowed from outside; it is directly inspired from the experiences of the people of the United Arab Republic and the particular circumstances under

which they live. It is in conformity with Arab traditions and is not oriented neither to the Right nor the Left, neither to the East nor to the West.

These are the broad lines of socio-economic theory as expressed by public authorities. As for public opinion, as expressed in newspapers and periodicals, ⁽¹⁾ it merely echoes the views of public authorities. Its role is limited to a role of explanation of and elaboration on the concepts held by those responsible in office.

(1) Political parties are banned by public authorities.

III. THE MEANING OF SOCIAL JUSTICE

From the various notions of social justice explained above, the essence of the concept may be summarized by three main objectives:

First, the objective of welfare which aims at freeing the individual from poverty and want and alleviating the hardships of the poor, unfortunate and the oppressed by putting at their disposal the basic social services and the means of civilization such as education, health, and housing.

Second, the objective of equality which aims at reducing the inequalities of income and wealth in order to alleviate tensions, social resentment and class stratification. Under this objective falls the right of laborers to a just reward from their work since that usually reduces the exploitation of workers by the employers by raising the workers' wage.

Third, the objective of democratization of industry. This objective in its essence forms part of the second objective since it aims at equality in the organization of industry. But while the second objective aims at pecuniary equality and material well-being of the worker, this objective aims at the equalization of powers and privileges within the industry by associating the workers in the direction of factories. This objective aims at making the worker feel that he is a "citizen of the industry or factory in which he works ... [not] a mere hand whose business it is to obey

orders that are passed down to him from above."⁽¹⁾

For the purposes of this thesis, this last objective is disregarded. In the view of the writer, it is a secondary objective and for the Egyptian Province at the present moment remains abstract to an appreciable extent since it is to be sought only after the pecuniary and other social demands of the workers have been fulfilled. Moreover, for purposes of expositional simplification, the classification in the following chapter will not be based upon the two objectives of welfare and equality since it is usually difficult - in practical application - to dissociate both objectives due to their complex interrelationships. Hence, classification will not be according to objectives or ends, but rather according to the means and mechanisms by which these objectives are sought. The first of these means to be analyzed is the Agrarian Reform Law together with other measures in the field of agriculture.

(1) G.D.H. Cole, The Simple Case for Socialism (London: Gollancs, 1935), p. 135. This line of thought has been analyzed by R.H. Tawney and later emphasized by guild socialists specially G.D/H/ Cole.

CHAPTER TWO

SOCIAL JUSTICE IN THE AGRICULTURAL SECTOR

I. INTRODUCTION

Egypt is mainly a desert; three deserts occupy 96.8% of the total area. The Western Desert (663,300 kms.²) which forms more than two thirds of the total area of Egypt and engulfs all the area west of the Nile to the borders of Libya and extends from the Mediterranean in the north to the borders of Sudan. The Eastern Desert (244,700 kms²) which extends from the Nile to the Red Sea and contains a chain of steepy mountains about 2000 meters high. In the Wadis of these mountains Arab nomads roam. The Sinai Desert (60,000 kms²) which lies between the Gulf of Aqaba and the Suez Canal and is mountainous in its southern parts.

These deserts are in their overwhelming parts uninhabited places; only about 1% of the total population lives there in the scattered oases - the most important of which are the Kharja and Dakhla oases in the Western Desert. Ninety-nine per cent of the population is concentrated on the Nile Basin the width of which ranges between 2 and 20 kilometers. Storage dams, barrages and an elaborate system of irrigation canals has been constructed on the banks of the Nile particularly in the Delta Region where the Nile subdivides into 7 branches. In the Delta and around the basin of the Nile an excessive high density of population exists and rural underemployment prevails on a large scale. (1)

(1) Surplus population is estimated at about 7 million; Charles Issawi, Egypt at Mid-Century (London: Oxford University Press, 1954), p. 242 f.

livelihood on it and in 1953 the national income arising from the agricultural sector was estimated at 31.8% of the total national income, ⁽¹⁾ in 1954 it amounted to 35.7% ⁽²⁾ and in 1958 to 30.4%. ⁽³⁾

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The gravest forms of social injustice have been for ages manifest in the agricultural sector of the Egyptian society. Social injustice, whether in the form of absence of welfare or that of inequality in the distribution of income and wealth, exists quite clearly in the agricultural sector. As far as welfare is concerned, the Egyptian fellah lacks the basic social services such as education, health and shelter. The majority of the fellaheen in Egypt are illiterate, ⁽⁴⁾ undernourished and stricken with various diseases such as hookworm, trachoma, syphilis and pellagra. ⁽⁵⁾

Social injustice in its second aspect - that of the inequalities in the distribution of income and wealth - was present to a great extent before the Agrarian Reform Law of

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- (1) Ministry of Finance and Economy, National Income of Egypt for 1953 - Official Estimate (Cairo: Government Press, 1955), p. 10.
 - (2) Computed from National Bank of Egypt, Economic Bulletin vol. X, No. 2 (1957), p. 196.
 - (3) Computed from Al-Ahram, vol. 85, No. 26361 (14/2/1959).
 - (4) It was estimated in 1942 that 95% of the fellaheen were illiterate - Henry Ayrout, The Fellaheen Tr. Hilary Wayment (Cairo: R. Schindler), p. 143.
 - (5) Usually 80% of recruits among the fellaheen for military service are rejected by the Ministry of War. Ibid., p.93.

1952. The comparatively small area of cultivated land, the rapid growth of population and the existing patterns of land tenure have given rise to grave inequalities in the distribution of income and wealth in the agricultural sector. Poverty, squalor and wretchedness characterized the life of small peasants, small tenants and the agricultural laborers while wealth, extravagance and economic and political power characterized the life of the landlords.

The most important manifestation of these inequalities were the inequalities in the ownership of land. Other ills such as high rents, the insecurity of tenure and the miserable condition of work of the agricultural laborers have accentuated the gap between the rich and the poor. In this chapter only the second form of social injustice would be treated - the inequalities in the distribution of income and wealth. The other form of injustice - the absence of welfare - will be taken up in Chapter III.

II. THE AGRARIAN REFORM LAW OF 1952

A. The Situation Before 1952

The inequalities in income and wealth have been largely caused and accentuated by four main inequalitarian ills which existed in Egypt before 1952:

- (1) Inequality in the ownership of land
- (2) High rents
- (3) Insecurity of tenure and
- (4) Conditions of agricultural laborers.

1. Inequality in the Ownership of Land

Before 1952, land ownership was concentrated in the hands of few landlords as is revealed from the table below:

Table I

Land Ownership in 1952

<u>Size of Holding</u>	<u>No. of Owners</u>	<u>Area (feddans)</u>
Under 5 feddans	2,641,878	2,121,864
5 - 10 "	79,259	525,904
15 - 20 "	69,115	1,281,433
50 - 100 "	6,378	429,494
100 - 200 "	3,184	436,775
200 and over	<u>1,786</u>	<u>1,176,801</u>
Total	2,801,600	5,972,271

Source: United Arab Republic, al-Kitab As-Sanawi - 1959 (Yearbook - 1959) (Cairo: 1959), p. 467.

From the above table it can be seen that 0.06% of the total landowners - 1,786 - owned about 20% of the land while 94% of the owners - 2,641,878 - owned 35.5% only. These inequalities have been accentuated by the policies of the government. Between the years 1935 and 1950, the office of Public Domain was supposed to sell at low prices 200,000 feddans of public (amiri) property to small peasants. The small farmers, however, did not get except 1.7% of the land sold, the big landlords got 90.7% and the rest - 7.6% - was sold to the graduates of agricultural schools. (1)

The pattern of land tenure was not only characterized by the inequalities in land ownership, but also by fragmentation due to the pressure of population and the laws of inheritance. Table II conveys the increase in fragmentation over time.

Table II

Increase in the Holding of Less Than One Feddan

1913-1948

<u>Year</u>	<u>No. of Owners</u>	<u>Area (feddans)</u>
1913	942,530	405,595
1929	1,475,777	569,464
1939	1,751,587	701,857
1948	1,980,098	818,524

Source: Charles Issawi, Egypt at Mid-Century (London: Oxford University Press, 1954), p. 126.

(1) The Egyptian Federation of the Chamber of Commerce, Al-Iqtissad al-Misri fi Ahd at-Thawrah (The Egyptian Economy under the Revolution) (Cairo: Publishing House of the Egyptian Universities), p. 12.

In 1945 the holdings of less than 1 acre (0.96 feddan) accounted for 71% of the total holdings, holdings of 1-2 acres for 13% and holdings of 2-5 acres for 10%.⁽¹⁾ Before the land reform of 1952, it is estimated that 65% of the owners owned on the average less than half an acre each.⁽²⁾ It is not only small size which characterizes fragmentation, but also the division of the small size farms into numerous tracts of impractical size lying at some distance from each other. This leads to tremendous waste of efforts and makes impossible the use of economic methods of farming thus accentuating the poverty of the small farmer. The increase in land fragmentation over time shows that poverty and destitution are shared by ever increasing numbers.

2. High Rents

Due to the growth of population on the limited land resources, landlords were able to ask for higher rents. Land rents, as a result, were exceedingly high and have increased tremendously over the years. According to the 1892-1907 cadastre, the average value of rents in Egypt was £E 3,595 per feddan. According to the 1935-1937 cadastre it became £E 5,712 per feddan. Since the Second World War rents have increased in the manner shown by the following table.

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- (1) M. Izzat, "The Land Tenure System of Egypt", Land Tenure (Wisconsin: The University of Wisconsin Press, 1956), p. 101.
 - (2) Paul Klat, "Whither Land Tenure in the Arab World", Middle East Economic Papers (Beirut: American University of Beirut, 1955), p. 56.

Table III
Indices of Land Rents
1939 = 100

<u>Year</u>	<u>Increase in Rents</u>
1944	90
1947	128
1949	170
1950	188

Source: Mahmoud As-Sibai, at-Tatawwourat al-Iqtissadiyyah fi Misr (Economic Changes in Egypt) (Cairo), vol. I, p. 137.

The average level of rents in 1952 was a little less than £E 30 per feddan - an amount which is equivalent to about 50% of the gross produce and 75% of the net produce. ⁽¹⁾ In certain areas the rents charged exceeded the net revenue of similar owner-operated lands.

These high rents have increased the poverty of the tenant and led him in most cases to indebtedness. Moreover, with these rents the tenant was unable to use or provide the necessary farming equipment for improving the lands he tills. These rents coupled with the high prices of land made it impossible for the tenants to purchase any piece of land. ⁽²⁾

(1) Doreen Warriner, op.cit., p. 29.

(2) Land values are tremendously high in Egypt. Whereas an average acre of farm land in the U.S. was worth in 1945 less than 10 days of the average farm worker's wage, in Egypt an equivalent land farm area claimed a price equal to about 20 years of the average Egyptian worker's wage. M. Izzat, op.cit., p. 100.

3. Insecurity of Tenure

Farms were usually leased for one year or for one crop; they are never leased for more than 2 or 3 years. The conditions of tenure were sometimes verbal and could be terminated at will by the landlord. The high rents and the insecurity of tenure were two important factors which caused the impoverishment and misery of the tenants. (1)

4. Conditions of Agricultural Labor

Landless agricultural laborers number around one million and the increase in their number was 121% in ten years, (2) between 1927 and 1937. They are the most wretched group among all those who live from agriculture. Due to their great number and due to the limited alternative employment opportunities, they are forced to accept very low wages. The situation of agricultural laborers was worsened in the thirties when their money wages were reduced by 50% while the price of maize - the staple food of the peasants - was increased by 11%. (3) In 1945

(1) The proportion of leased farms to total farms was estimated by the Egyptian Government in 1948-49 at 60%. However, since these estimates exclude leased farms of less than one feddan, the actual proportion may be as high as 75%. Muhammad Said, "Hiyazat al-Aradhi Az-Ziraiyyah", (Land Tenure), Halaqat ad-Dirassat al-Ijtimaiyyah (Forum of Social Studies) (Cairo: The Arab League, 1950), p. 451.

(2) M. Izzat, op.cit., p. 100.

(3) Charles Issawi, Egypt: An Economic and Social Analysis (London: Oxford University Press, 1947), p. 77.

the average daily wage of the agricultural laborers was estimated at P.T.9.⁽¹⁾ Such a wage is in no way enough to permit an acceptable standard of living. The agricultural laborers are, as a result, usually undernourished, extremely poor and stricken by many diseases. Moreover, disguised unemployment prevails among these laborers. They usually work 180 days per year⁽²⁾ and move from one district to the other to seek employment.

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To summarize, before the Agrarian Reform Law of 1952, grave social injustice in the agricultural sector existed in Egypt. On the one hand, there was wealth and extravagance for the few landlords, on the other, there was poverty and misery to the rest - whether they be small farmers who owned very small and fragmented pieces of land, the tenants who had to pay excessively high rents for an insecure tenure or the landless agricultural laborers whose wages were precarious, seasonal and extremely low. The unhealthy social and political consequences of such a situation are too obvious and known to need comment and elaboration.

B. The Provisions of the Law

In order to reduce the inequalities arising from the land tenure system in Egypt, an all-comprehensive agrarian

(1) Buhooth Wa Tawsiyat Mu'tamar al-Iqtissal Az-Zira'i al-Awwal (Studies and Recommendations of the First Conference on Agricultural Economics (Cairo: Anglo-Egyptian Library, 1952), p. 121.

(2) Ibid.

reform law was passed - the Legislative Decree No. 178 of September 9, 1952.

To the problem of the inequality of land ownership, article one of the law prescribes that no person may own more than 200 feddans of agricultural land. The owner, however, may transfer to his children, an amount not in excess of fifty feddans per child provided that the land so transferred to his children does not exceed one hundred feddans. Excluded from the provisions of this law are barren and desert lands under reclamation and lands owned by industrial companies if necessary for their requirements. The owners of expropriated lands receive compensation equivalent to ten times the rental value of the land - the rental value of the land being estimated at seven times the land tax. ⁽¹⁾ Compensation shall be made in the form of government bonds bearing 3% interest and redeemable ⁽²⁾ within 30 years. For fear of inflation these bonds are not permitted to circulate. They are, however, accepted in settlement of (1) the price of barren lands bought from the government, (2) the taxes assessed against lands for which no taxes had been established, and (3) inheritance taxes and the additional taxes on land.

Expropriated land is to be distributed to small farmers owning less than five feddans so that every one of them will

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- (1) This is because the land tax in Egypt is estimated at about one-seventh of the rental value according to the estimates of 1948.
 - (2) Law No. 168 of September 1958 reduced interest on these bonds to 1 1/2% ; it also extended the period of their redemption to 40 years.

have a small plot of no less than two feddans and no more than five feddans depending upon the quality of the land. Priority will be given first to those who have actually been engaged in agriculture either as tenants or farmers; next to villagers with large families; then to those with the least money (i.e. the poorest) and finally to persons who are not inhabitants of the village. The law prescribes, in addition, that all those who benefit from land distribution should form co-operative societies with all the other farmers of the same village who own less than five feddans. The object of these co-operative societies is to provide credit to members, to supply them with the necessary materials for the exploitation of the land, to organize and supervise the actual process of farming, to market collectively the produce and to provide the members with all other agricultural and social services.

These co-operative societies have scored a considerable degree of success. At the end of the year 1956, there were 272 co-operative societies with a total membership of 882,326 members and a capital of £E 777,573.⁽¹⁾ The co-operatives succeeded in organizing a system of supervised credit and their total gains amounted in 1958 to £E 1,161,796.⁽²⁾ It is estimated that after the distribution of land has been completed, 400 co-operative societies will be established with 200,000 members.⁽³⁾

(1) United Arab Republic, Al-Kitab As-Sanawi - 1959, op.cit., p. 449.

(2) Al-Ahram, vol. 85, No. 26321 (5/1/1959).

(3) Sayed Marei, al-Islah Az-Zirai' Fi Misr (Agrarian Reform in Egypt) (Cairo: 1957), p. 116.

The activities of these co-operative societies have been growing each year as is shown in the following table.

Table IV
Marketing of Cotton by Co-operative Societies
1953-1956

<u>Year</u>	<u>Cantars Marketed</u> ⁺
1953	27,666
1954	84,826
1955	162,736
1956	230,000

+ One cantar of cotton = 99.05 Lbs. = 44.9 kgs.

Source: United Arab Republic, al-Kitab as-Sanawi - 1959, op.cit., p. 449.

The co-operatives are managed by representatives from the Land Reform Administration. There are some attempts, however, to give complete management powers to the members of the co-operatives.

The law, moreover, contains some provisions to reduce the excessive fragmentation of the land. It declares void any method of transfer of ownership (inheritance or otherwise) which results in the division of agricultural lands into plots of less than five feddans. After five years of the enforcement of the law, the Minister of State for Agrarian Reform states, however, that "these provisions were found difficult to enforce. The problem of fragmentation has not been solved;

(1)
it still exists."

To the problem of high rents, article 33 decrees that the rent of agricultural land must not exceed seven times the original tax assessed against it. As shall be seen later, this meant a great reduction in the level of rents. In the case of share cropping, the law stipulates that the owner's share must not exceed half the profits after deduction of all expenses. This provision also entails a great reduction in share rents because before the reform these rents amounted generally to 75% of the net produce.

Various provisions have been enacted to increase the security of the tenant in his tenure. Article 35 of the law decrees that the period of tenancy cannot be less than three years. All contracts of tenancy must be in writing regardless of the amount of the rental. Two original copies of the contract should be made, one to be held by the landowner and the other by the tenant. If there is no written contract, the tenancy is deemed to be on a share-cropping basis, and for a three-year term - the landowner's share being limited to one-half, after deduction of all expenses. The law guarantees, moreover, to the tenant the right to recover from the owner the payments for all kinds of improvements which he has made.

To improve the conditions of the agricultural laborers, the law stipulates that their wages shall be fixed yearly in

(1) Sayed Marei, Ibid., pp. 83 f.

the various agricultural zones by a committee formed by the Minister of Agriculture and presided by a high officer of the Ministry. It is to be composed of six other members, three of them representing the owners and the tenants and three representing the agricultural workers. At the end of the year 1952, the minimum wage of agricultural laborers was fixed at 18 piasters for men and 10 piasters for women and children as an equivalent of eight hours of work. If the owner or tenant supplies the laborer with food or other services, the minimum wage cannot be below 50% of the ordinary fixed wage. These minimum wages are generally below the actual wages paid to agricultural laborers in Syria, Lebanon or Iraq. In these countries there are no legal provisions which set minimum wages for agricultural laborers. Unlike the Syrian Law of Agrarian Reform, the Iraqi Agrarian Reform Law (Article 47) designates a commission for fixing minimum wages for agricultural laborers. However, no such minimum has been set yet.

Due to the great number of the unemployed, and the insufficiency of alternative occupations, the above provisions concerning the wage of agricultural laborers were difficult to enforce. No appreciable improvement in their situation is to be expected, and as noted by Doreen Warriner, there is some reduction in their employment. ⁽¹⁾ For this reason in the following section no mention will be made of the distribution effects upon agricultural laborers.

(1) Warriner, op.cit., p. 40.

C. The Effects of the Law on Distribution of Income and Wealth

The distribution effects of the law may be divided into three parts: those affecting the beneficiaries of the reform, those affecting the tenants and those affecting the landlords.

1. The Effects Upon the Beneficiaries

About 550,000 feddans ⁽¹⁾ are to be distributed among farmers in accordance with the provisions of the law benefiting about 200,000 families comprising 1,200,000 persons. ⁽²⁾ By the end of the year 1957, around 335,000 feddans have already been distributed and another 145,000 feddans were sold to small peasants before October 3, 1958 in accordance with article 4 of the law. ⁽³⁾ On July 23, 1959 another 12,125 feddans will ⁽⁴⁾ be distributed.

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- (1) The lands which fall under the provisions of the law amount to 565,000 feddans including the 145,000 feddans sold to small peasants according to article 4; Sayed Marei, op.cit. (Cairo: 1957), p. 224. The same figure is given by Doreen Warriner, op.cit., p. 34. William Thweat, "The Egyptian Agrarian Reform", Middle East Economic Papers (Beirut: American University, 1956), p. 151, gives a lower figure -- 450,000 feddans, while Mohammad Ibrahim gives the figure of 800,000 feddans, "Quelques Aspects du Developpement de L'Egypte", unpublished seminar paper, p. 6. It seems that this last figure includes Wakf (mortmains) land to be also distributed to small farmers, See infra p.
- (2) Sayed Marei, op.cit., p. 225.
- (3) Which permits landowners to sell land in excess of the legal minimum in lots ~~not~~ exceeding five feddans to farmers (non relatives) whose holdings did not exceed five feddans.
- (4) Al-Ahram, vol. 85, No. 26231 (5/1/1959).

As a result of distribution, the average income per farmer has nearly doubled because as an owner the instalment he pays in payment for the price of the land is almost half the rental value he used to pay as a tenant. (1) In some districts the rental value was more than double the ownership fee. This is shown in the following table.

Table V
A Comparison of Rental and Ownership
Fees in Various Districts in £E.

<u>Name of District</u>	<u>Rental Value/Feddan</u>	<u>Ownership Fee</u>
Matay	44.75	18.65
Drene	35.10	14.50
Naga' Himadeh	44	15.43
Arment	32.25	15.12
Nakhas	35	10.50
Minshat Rahmie	28	9.50

Source: Sayed Marei, op.cit., p. 219.

Figures published by the Higher Committee of Agrarian Reform show that in Zaafaran area the income per family rose from £E 62,500 in 1952 to £E 158,016 in 1953 and attained £E 207,396 in 1954. The same figures indicate that in sugar-

(1) The average level of rents was before the Agrarian Reform Law a little less than £E 30 per feddan while the average value of the ownership fee is £E 14. Majallat al-Ghorfa at-Tijariyyah Filkahirah, Adad Khass (The Journal of the Cairo Chamber of Commerce, A Special Issue), vol. 23 (1957), p. 73.

cane farms the average annual income per family before the reform was £E 20 and after the reform it increased to £E 89. In Behera Province the annual income per family has increased from £E 7 1/2 to £E 17 8/10 and in Sharkiyya provinces it increased from 10 to 19 1/2. According to Doreen Warriner, "there can be no doubt that the farmers have gained a considerable increase in income... it is safe to conclude that cultivators' incomes have risen by about 50 per cent on estates expropriated in Lower Egypt and that the income gained is greater in Upper Egypt and may be as much as 100 per cent."⁽¹⁾

2. The Effects Upon Tenants

The Law of 1952 decrees that the rent of agricultural land must not exceed seven times the basic tax assessed against it, and in the case of share cropping the law stipulates that the owner's share must not exceed half the profits after deduction of all expenses.⁽²⁾ This meant a great reduction in the level of rents. According to the estimates of the Egyptian Ministry of Agriculture, the savings this represents to small tenants amounts to £E 40,000,000⁽³⁾ affecting more than 4 million tenants.⁽⁴⁾

(1) Doreen Warriner, op.cit., p. 37.

(2) Before the reform these rents amounted to 75% of the net produce.

(3) Sayed Marei, Outline of Land Reform (Cairo: Higher Committee of Agrarian Reform), p. 30. The Economic Bulletin of the U.N.R.W.A. (Beirut: 1953), No. 7, p. 2 estimates that at about £E 35 million.

(4) "Statement of the Minister of State for Agrarian Reform in Parliament", Bayanat ar-Ra'ees wal Wuzara' Fi Majlis al-Umma (Statements of the President and the Ministers in Parliament) (Cairo: Information Service Press, 1957), vol. 1, p. 416.

In the estate of Demera, it is reported that the average annual rent has fallen from £E 29 to 20 after the reform was enforced. (1)

In fact, the redistribution of agricultural income as a result of altering rents represents a more significant change in the distribution of wealth than land redistribution itself. But with the given excess of rural population in Egypt, it is doubtful whether the new levels of rents will remain stable in the future.

(2)
3. The Effect Upon Landlords

The landlords' income, wealth and power have been reduced in the following ways:

- a. The reduction of rents amounting to about £E 40 million meant an equal reduction in the landlords' income. In 1950-51, land owners who were not actually occupied in agriculture, received 20.7 per cent of the agricultural income. In 1954-55 they received only 11.9 per cent. (3)
- b. They have incurred a capital loss equivalent to about 80 per cent of their expropriated lands the average value of which was estimated at about £E 700 per feddan. The actual

(1) Ibid. On the average cash rents have fallen from £E 30 per feddan to £E 20.

(2) The number of landlords affected by the law is 1786.

(3) The Egyptian Federation of the Chambers of Commerce, op.cit., p. 36.

average price to be paid in state bonds redeemable after 30 years and bearing 3 per cent interest was on the average £E 161 per feddan (70 times the basic land tax.)

- c. Another capital loss has struck owned lands because land values have deteriorated after the enactment of the law. This is largely due to the reduction in rents and to the fear of a second round of confiscation.
- d. The landlords, as a class, have lost much of their political and social influence due to the change in the pattern of ownership. Before the reform, big landlords (owning 200 feddans and above) owned 20% of the land, and small landowners, those owning five feddans and less owned 35%. After the reform, the big owners own 6% only and small owners own 50%.

III. OTHER MEASURES OF DISTRIBUTION AND WELFARE

A. The Liberation Province (Mudeeriyat at-Tahrir)

The Liberation Province is a project of land reclamation and an experiment of community development at the same time. Work for land reclamation in this province, situated in the desert west of the Delta and south of Alexandria with an area of more than one million feddans, started in 1953. In September 1953, it was administered by a separate administrative board, but was amalgamated with the Permanent Council of Land Reclamation by the Presidential Decision No. 1043 of 1957.

About 17,400 feddans have already been reclaimed - 13,000 till the end of the year 1957 and 4,400 during the year 1958. ⁽¹⁾ Beginning with July 1957, the average rate of reclamation has risen to 1,000 feddans per month after it was 100 feddans per month in 1953. When the High Dam project will be completed, it is hoped that all the area of the province would be put under cultivation. The average costs of reclamation and resettlement per feddan have been reduced from £E 387 to £E 215. ⁽²⁾ including the costs of buildings and the social services. Costs of reclamation have been reduced from £E 171 to £E 112, costs of construction from £E 161 to £E 82 and administrative costs from £E 55 to £E 21.

The idea behind the Liberation Province is not only to regain new lands, but also to create a new social experiment -

(1) Al-Ahram, Vol. 85, No. 26342 (26/1/1959).

(2) Ibid.

to erect a rural society based upon democratic, social and co-operative principles. Efforts are directed to raise the standard of living of the settlers, to improve their social life and to give them a feeling of security and dignity.

The settlers of the newly reclaimed land are very carefully selected by the Ministry of Social Affairs according to social, medical and psychological tests from poor farmers of the overpopulated areas. Each settler should be more than thirty years old, married with no more than three children and having no agricultural land of his own. The settlers undergo, under the supervision of experts, a period of training of six months in which they acquire some basic theoretical information and are trained on the modern methods of farming. The new settlers receive ownership to their homes but not to the land which is managed co-operatively according to the policy of the village council which is chosen by the settlers.

There are already four villages - in each live about 400 families. Each family is given a house which has enough furniture and which is supplied with electricity, drinkable water and sewers. Each village has its schools, clubs, hospitals and medical centers. Other than the permanent settlers, there are about 14,000 workers employed in the various works of reclamation and reconstruction. These workers are imported from the adjacent delta villages and their wages, on the average, are four times those of similar Egyptian workers in other areas.

The Liberation Province, as an experiment in community development, has succeeded in giving a comparatively high

standard of living to its settlers. Doreen Warriner, while commenting on the project, writes "The nutritional level is very good, with an average calorie intake of 3,600 per day including three ounces of animal protein. The impressive visible result is that the children are magnificently healthy, as a result of sufficient food. The babies are splendid, the boys and girls energetic, with no sign of eye diseases."⁽¹⁾ The costs incurred are, however, tremendous. Till the end of 1957, they amounted to £E 10,312,000.⁽²⁾ Given the destitute and often wretched conditions of most Egyptian peasants, this large expenditure on a small number of beneficiaries seems to be, if not lavish and profuse, at least extraordinary, luxuriant and to some extent unwarranted.⁽³⁾

B. Cattle Insurance

Centers of animal care have been established in the various villages to combat animal diseases, to stop their spread and to help in their prevention by vaccination. Ninety centers have already been established in the various districts.⁽⁴⁾ A permanent residing veterinary is appointed in each center and aided by trained workers.

(1) Doreen Warriner, op.cit., p. 52.

(2) "Statement of the Minister of State for Agrarian Reform on the Tahreer Province", Bayanat ar-Ra'ees wal Wuzara' Fi Majlis al-Ummah, op.cit., p. 408.

(3) This point of view is also expressed in "Brave New Egypt", The Economist, vol. CLXXXVII, No. 5992 (June 28, 1958), p. 1195.

(4) These districts are Beni Swayf, Fayyume, Menufia, Minia, Qaliubia and part of Keفر as-Sheikh - Al-Ahram, vol. 84, No. 26314 (29/12/1958).

Cattle insurance has also been introduced in these centers. The farmers can insure their cattle after having the cattle inspected by the veterinary. An insurance committee is appointed in each village composed of a representative from the village co-operative, the veterinary and the head of the village. Against the payment of a yearly fee varying from £E 0.75 to £E 300 the following services are provided:

1. Medical care: vaccinations, operations (including birth operations) and free medicine.
2. Improvement of certain kinds of breeds by artificial insemination.
3. An indemnity equal to 75 per cent of the value of cattle in case of loss except the cases of theft and fire accidents.

This scheme is to be extended to all regions in a period of five years. It costs about £E six million. By the end of the five years it is destined to include 2½ million cattle - about 50% of the total animal population in Egypt. (1) The increase in the income of the Egyptian peasant of such a scheme is considerable due to the relative importance of the income he derives from cattle to his total income and due to the widespread animal diseases.

C. Distribution of Newly Reclaimed Land and the Lands of the Charitable (Khairi) Wakfs

In order to hasten land reclamation, the Egyptian Government created in 1954 the Permanent Council for Land

(1) Al-Ahram, Ibid.

Reclamation. The aims of the Council were mainly to circumscribe waste lands and to proceed to their reclamation. In 1956 this Council was put under the supervision of the Minister of State for Agrarian Reform.

About 15,500 feddans have been already reclaimed and put under cultivation at a cost of £E 49 per feddan.⁽¹⁾ The most fertile of the reclaimed lands is distributed to landless peasants.⁽²⁾ Each peasant receives five feddans if he lives in the area of the reclaimed land. Those who migrate from other regions are given in addition a house and a cow. The beneficiaries from the distribution should form co-operative societies which supply them with the necessary facilities and supervise their various activities. However, unlike the Liberation Province, there is no attempt in this scheme to have elaborate programs of community development.

As to the lands of the charitable wakfs,⁽³⁾ Law No. 152 of 1957 decrees that the lands of charitable wakfs are to be distributed to peasants in accordance with the provisions of

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- (1) "Statement of the Minister of State for Agrarian Reform in Parliament", op.cit., p. 449.
 - (2) The less fertile lands are sold to landowners in plots of 10-50 feddans.
 - (3) Charitable wakfs are property endowed to religious or educational institutions. They are to be distinguished from family wakfs (Ahli) which gives possession to the usufruct of the land to the heirs in perpetuity - the land itself being not transferable. Family wakfs were dissolved in Egypt in September 1952.

the agrarian reform law. The area of these lands is about 200,000 feddans, ⁽¹⁾ 80,000 of which are to be distributed in the agricultural year 1958-1959. ⁽²⁾ The beneficiaries of the distribution receive, on the average, five feddans each. To encourage the migration of landless peasants from the overpopulated areas, peasants from these areas are given in addition a house and a cow.

D. Distribution of Animals, Seedlings and Seeds to Peasants

The Higher Committee of Agrarian Reform distributed, by the end of the year 1957, 1,200 heads of cattle to the beneficiaries of land distribution on the condition that the recipients of cattle pay their price in a period not exceeding five years beginning from the time they get revenue from the cattle's milk. The Higher Committee of Agrarian Reform has also distributed free of charge by the end of 1957, 365,746 Rhode Island chickens to 28,000 beneficiaries of the land reform law with the condition of presenting them to the medical ⁽³⁾ care centers in case of sickness.

The ministry of agriculture has distributed free of charge excellent breeds of cattle, horses, rabbits and chickens to the farmers. It has also freely distributed seedlings of fruit trees and vegetables, and seeds of the various crops.

(1) The Egyptian Federation of the Chambers of Commerce, op.cit., p. 15.

(2) Al-Ahram, Vol. 84, No. 26306 (21/12/1958).

(3) "Statement of the Minister of State for Agrarian Reform in Parliament", op.cit., p. 437.

IV. EVALUATION

By reducing the inequalities in income and wealth the agrarian reform law of 1952 had far reaching effects on the economic, social and political aspects of Egyptian life. However, is this degree of land redistribution enough? No doubt the distributive measure is a moderate one, it affects 1786 landlords, benefits about 200,000 peasants, affects only about 9.58% of the total cultivated area and sets a somewhat high limit of land ownership which could be still further reduced. A more severe measure would have led, however, to disruptive forces and would have proved to be such an administrative burden to be really unenforceable. Land tenure reforms, however strict, cannot solve alone the basic problem of land inequalities in Egypt - that of having too many people on such a restricted piece of cultivated land.

When the reform law was promulgated in 1952, many commentators thought that it will have an adverse effect on agricultural production. It was pointed out that the measure enacted disregards the advantages of mass production and discourages investment by distributing lands to owners who do not have enough capital to invest on the land. ⁽¹⁾ These fears, however, turned out to be unjustified. The new owners proved to have stronger incentives to invest in the land and to maintain the natural productivity of the soil. These incentives have been

(1) For example, the commentator of the Royal Institute of International Affairs, The Middle East (London: Oxford University Press, 1954), p. 220.

encouraged by the establishment, among the new small owners, of obligatory co-operative societies which extend credit to the farmer, provide him with machinery and seeds, give him technical guidance and market collectively the produce. Thus the advantages of large-scale operations were combined with the advantages of small-scale ownership. Doreen Warriner in verification of the above writes, "on the large estates which have been expropriated new pumps are being installed, and more fertilizers are used."⁽¹⁾

The best way to gauge the effects of the Agrarian Reform Law on agricultural production is to compare statistics of agricultural production in the distributed areas before and after the application of the law. Yet, because the distributed areas are scattered and not consolidated in one strip, statistics of agricultural production were not collected in these areas before the law was enforced. However, it is of the opinion of an independent observer that agricultural production has definitely increased in some distributed areas and that the general impression is that the application of the law did not hinder production.⁽²⁾

Sayed Marei, the Minister of State for Agrarian Reform, gives figures on agricultural production in some of the distributed areas (Table VI below). These figures show a marked increase in sugar cane production after the law was enforced.

(1) Doreen Warriner, op.cit., p. 41.

(2) Dr. Kenneth Parsons in a private interview with the writer.

These limited statistics, however, may not be representative of the change in agricultural production in other distributed areas.

Table VI
Sugar Cane Production in Distributed
Areas

<u>Year</u>	<u>Quantity/Feddan</u> <u>(Cantars)⁺⁺</u>
1952	880
1953	930
1954	1,000

- + One feddan = 1.038 acres = 4.201 sq. meters.
++ One cantar = 99.05 lbs. = 44.9 kgs.

Source: Sayed Marei, Agrarian Reform in Egypt,
op.cit., diagram facing p. 122.

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The Agrarian Reform Law succeeded in realizing its general aims. Large estates were broken up and more equality was achieved in the distribution of land and of agricultural income. However, in two particular fields the Agrarian Reform Law failed to fulfill its objectives.

1. The provisions concerning the setting of a minimum wage for agricultural laborers proved to be unenforceable due to the great number of the unemployed among the fellaheen and due to the insufficiency of alternative occupations.

2. The provisions concerning the limitation of excessive fragmentation were likewise unenforceable. This is due to three main reasons: First, the farmers saw in it an impingement on the tradition and the sacred laws of inheritance. Second, land ownership, being a symbol of prestige, makes the co-owners unable to agree among themselves as to whom the land should be allotted. Third, the co-owner to whom the land is allotted is usually poor and cannot compensate the others.

In addition to these two fields where the Agrarian Reform Law failed, doubts are raised by commentators ⁽¹⁾ of the Law as to whether the reduction in rents can remain effective for long especially that the demand for land steadily increases.

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The various other measures of distribution undertaken by the Egyptian Government in the field of agriculture are of minor importance and are - except for the Liberation Province - complementary to the basic reforms realized by the Agrarian Reform Law. The distribution of newly reclaimed land and of charitable wakfs is done in the same lines as land distribution of the Agrarian Reform Law and is put under the same administrative authority. The Liberation Province differs from the other measures because it does not aim only at realizing equality by distributing lands, but also it aims at creating a small

(1) Doreen Warriner, op.cit., p. 39, and Dr. Kenneth Parsons in a private interview.

experiment in community development. The costs of the scheme were, however, tremendous and this prompted the Egyptian Government to reduce the scale of activities in that project.

CHAPTER THREE
THE BUDGET AS A MECHANISM OF
EQUALITY AND WELFARE

I. INTRODUCTION

The original object of the preparation of a budget was purely financial - to procure revenue for governmental expenditures. Later, however, the budget came to be viewed not only as a means for providing the government with money, but also as a vehicle for the realization of certain social and economic objectives. Thus, the budget may be utilized as an instrument for influencing the distribution of income and wealth and as a means for realizing stability in the price level.

This chapter is a treatment of how and to what extent the objectives of social justice - equality and welfare - are realized through the Egyptian budget. The Egyptian Government, especially after 1952, is relying more heavily on the budget for the realization of equality and welfare. By utilizing the budget as a mechanism for realizing the aims of social justice, the Egyptian Government is faced with the dilemma of establishing an order of priorities between the aims of social justice on the one hand, and the aims of accelerated development on the other. Expenditures for the extension of social services and expenditures on projects which aim at increasing production compete for the

resources of the government. Due to the low per capita income, these resources are insufficient to satisfy the objectives of social justice and increased production at the same time. The dilemma is acute for Egypt since the Egyptian Government has to devote a large part of its resources to meet the requirements of defence. (Defence expenditures have amounted in recent years to about 30% of total governmental expenditures.) This dilemma is not limited to expenditures but extends to the sphere of revenues. A steeply progressive system of taxation satisfies the aims of social justice but it may affect adversely private initiative and hence reduce total production.

The ways and means by which this dilemma is actually solved by the Egyptian Government will be analyzed in the following pages. In the first part the major budgetary receipts are analyzed in order to see whether and to what degree they contribute to a more equalitarian distribution of income and wealth. In a second part an analysis of the most important social services which are provided by the government to all classes irrespective of their wealth will be undertaken. Special emphasis is put on those services which are so designed to serve the people of the lower income groups.

II. BUDGET RECEIPTS

Budget receipts have tremendously increased since the Second World War. From £E 104 million in 1945-46,⁽¹⁾ total receipts have increased to £E 237 million in 1951-52,⁽²⁾ the year before the Revolution to reach a total of about £E 367 million in 1958-59. Total receipts in 1958-59 represent, thus, a 253% increase over the receipts of 1945-46⁽³⁾ and a 59% increase over those of 1951-52.

This increase should be attributed mainly to the increase in business activity, to higher tax rates and to better collection methods since the wholesale price index in 1958 increased by only 26% and 15% over the years of 1945-46 and 1951-52 respectively.⁽⁴⁾

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- (1) The fiscal year of 1945-46 began on May 1 and ended on April 30.
 - (2) The fiscal year since the budget of 1951-52 begins on July 1 and ends on June 30.
 - (3) The figures are taken from U.N.R.W.A., Quarterly Bulletin of Economic Development, No. 13 (April 1956), p. 2 and The National Bank of Egypt, Economic Bulletin, vol. XI, No. 3 (1958), p. 222. This tremendous increase in governmental expenditures is shared by all neighboring Arab countries. In Lebanon governmental receipts in 1958 increased by 55% over those of 1952 - Al-Iqtissad al-Lubnani Wal-Arabi (The Economy of Lebanon and the Arab World) vol. 8, No. 63 (March 1958), p. 27 and No. 66 (June 1958), p. 12. In Jordan budget receipts in 1957-58 represent a 115% increase over those of 1952-53 - United Nations, Statistical Yearbook - 1957 (New York: 1957), p. 536.
 - (4) U.N.R.W.A., op.cit., and the National Bank of Egypt, Economic Bulletin, op.cit., p. 299.

The most important item in the receipts of the government are taxes. In general, about 60% of the total receipts is formed by taxes - 20% are usually furnished by direct taxes and 40% by indirect taxes, mainly customs duties. The other 40% is formed mainly by revenue from government owned enterprises and by royalties from concessions.

A. Direct Taxes

1. Types

Before 1939 there were only two direct taxes in Egypt: The land tax and the building tax. The land tax, which was substantially revised in 1878, is assessed on the average rental value of the land. Official estimates of the rental value of lands are made every ten years; the last estimates were established from 1956-58. The building tax, which was introduced in 1884, is assessed on the estimated annual rental value of residential, commercial and industrial establishments.

In 1939 by Law No. 14 the first income tax was introduced; it is composed of the following five specific taxes:

- (a) Tax on income derived from movable values such as shares and bonds;
- (b) Tax on income derived from debts, deposits and guarantees;
- (c) Tax on profits derived from commerce and industry;
- (d) Tax on wages, salaries and pensions; and
- (e) Tax on profits of non-commercial professions.

This income tax was supplemented by a general income tax in 1949 imposed on general income, whatever its source. ⁽¹⁾

After the Revolution of 1952, to meet new expenditures, the government did not change drastically the existing pattern of direct taxes. On the one hand, it introduced two additional small taxes: an estates tax introduced in 1952 by Law No. 159 which constitutes with the succession tax of 1944 the inheritance taxes in Egypt, ⁽²⁾ and a defence tax levied on general income and on income derived from lands and buildings. On the other hand, the Government of the Revolution, as will be pointed out below, has manipulated the tax rates in order to make them more steeply progressive in the higher brackets of income.

These two measures, however, do not account alone for the increase in the receipts from direct taxes since the Revolution. A considerable credit for achieving that should be attributed to the efforts of the Taxation Administration to improve methods of tax collection. Several measures were enacted for that purpose. Of these measures is Law No. 690 of 1954 which permits the ending of disputes between the Taxation Administration and the taxpayers by arbitration. ⁽³⁾ By July 1956, arbitrated cases numbered 5892. Other such

(1) During the war, in 1941, an excess profits tax was imposed on the profits of industry, trade and finance. Being a purely war measure, this tax was abolished in 1950.

(2) The estates tax is levied upon the entire estate while the succession tax is levied upon the share of each individual heir.

(3) Ameen Hassounah, Goumhouriyyat Misr Fi Amiha at-Thani

measures include the creation of a special office for the taxation of joint stock companies by Decree No. 67 of 1954 and various efforts aiming at decentralization in tax collection.

2. Schedules

a. Land and building tax: The tax on agricultural land is 14% of the assessed annual rental value of cultivated land or land which could be cultivated. The Provincial Councils usually levy a surtax whose rate is 11% of the national land tax. After 1952, small farmers were exempted from this tax if the value of the assessed tax on their property does not exceed £E 4 annually.

The tax on buildings is 10%⁽¹⁾ of the actual or of the assessed rental value after deducting 20% of this value for the expenses incurred by the owner. Municipalities usually impose an additional rate of 1.5%; in Cairo⁽²⁾ this additional rate is, however, 2%.

After 1952, exemptions from paying this tax were raised from £E 5 for the rental value⁽³⁾ of buildings up to £E 18.

(The Egyptian Republic in its Second Year) (Egypt: 1955), p. 221 f.

- (1) As amended by Law No. 56 of February 1954 reproduced in An-Nashra at-Tashreeiyyah (The Legislative Bulletin) (1954), pp. 301 ff.
- (2) There is also an additional tax on buildings, the so-called Ghaffir (nightwatchman) tax which amounts to one-fifth of the building tax.
- (3) Al-Iqtissad al-Misri Fi Ahd at-Thawrah, op.cit., p. 202.

Law No. 277 of 1956 which introduced the defence tax imposed an additional burden on the owners of buildings and agricultural lands. In addition to the above rates, an additional tax of 3.5% of the estimated annual rental value of buildings and lands is imposed.

- b. Tax on income derived from movable values like shares and bonds; from debts, deposits and guarantees; and from income received by merchants and industrialists.

According to Law No. 147 of 12 August 1952, these taxes are levied at a flat rate of 17% beginning with January 1, 1952. An additional surtax of 3.5% is added by the defence tax since July 1956. ⁽¹⁾

- c. Tax on wages, salaries and pensions: The rates of this tax were made more steeply progressive by the law of 12 August, 1952. The present rates are indicated by the following table. ⁽²⁾

(1) When these taxes were introduced in 1939, the law enacted a flat rate of 10%; but as a temporary measure, the rate was reduced to 7% for 1938 and 1939, then raised to 8% for 1940 and to 9% for 1941. Law No. 26 of 1941 annulled the contemporary measures and set a flat rate of 10% which was to be levied since 1940. The rate was raised successively to 12% in 1942, to 14% in 1950 and to 16% in 1951. In Lebanon the rate of the tax on movable capital is 10% and in Syria 6%.

(2) In Lebanon the rate of the same tax begins at 2% and

Table VII
Rates of Tax on Wages, Salaries and Pensions

<u>Annual Taxable Income</u>	Tax Rates - Percent	
	<u>Original Rates</u>	<u>Additional Rates⁺</u>
First slice of £E 120	2	1
Next slice from over £E 120-300	3	1
Next slice from over £E 300-500	4	1
Next slice from over £E 500-800	5	2
Next slice from over £E 800-1200	7	2
Next slice over 1200	9	2

+ These rates are imposed by the defence tax of 1956.

Source: Mohammad Ali Badran, Majmuat Kawaneen ad-Dara'ib Fi Misr (The Collection of Taxation Laws in Egypt) (Cairo: 1957), p. 509.

Single persons with an income of no more than £E100 are exempt from this tax; if married but with no children, exemption covers up till £E 120; if married with children, exemption covers up till £E 130. Daily paid workers are exempt up to 30 piasters per day; if their wage ranges from 30-60 piasters they have to pay 1% as a tax and if their wage exceeds 60 piasters, they have to pay a tax of 2%.

reaches a maximum of 10% for salaries exceeding £L48,000 per year. In Syria the rate begins at 4% and ends with 12% for salaries exceeding £S 48,000 per year.

d. Tax on profits of non-commercial professions:

The flat rate of this tax was increased by (1) Law No. 147 of August 1952 from 10% to 11%. Law No. 642 of 1955 has introduced new rates for the profits of those who practice a profession which needs a university degree and whose income does not exceed £E 1000 per year. The new rates are graduated according to the years of service. Those who have practised for five years or less are exempt, those who have been practising from 5-10 years should pay £E 15 annually, those who have been practising from 10-15 years should pay £E 30, those who have been practising from 15-20 years should pay £E 50 and those who have been practising for 20 years or more should pay £E 80. The law which imposed this tax gives no justification for it other than the fact that it was demanded by the associations of medical doctors and lawyers. Although such a tax may be in accordance with the particular interests of those who practise the liberal professions, yet it is difficult to justify on other grounds.

(1) Before 1951, this tax was levied at a rate of 7.5% of the total of the rental values of the place of the profession and the house of the tax-payer.

- e. General income tax: According to Law No. 146 of August 1952 and Law No. 277 of July 1956, (1) the following rates are applied to this tax.

Table VIII

Rates of the General Income Tax

<u>Annual Taxable Income</u>	Tax Rates - Percent	
	<u>Original Rates</u>	<u>Additional Rates[†]</u>
First £E 1000	Exempt ⁺⁺	Exempt
Next slice from over £E 1000-1500	8	2
Next slice from over £E 1500-2500	9	2
Next slice from over £E 2500-3500	10	2
Next slice from over £E 3500-5000	15	3
Next slice from over £E 5000-10000	25	5
Next slice from over £E 10000-15000	30	5
Next slice from over £E 15000-20000	40	7
Next slice from over £E 20000-30000	50	7
Next slice from over £E 30000-40000	60	10
Next slice from over £E 40000-50000	70	10
Next slice over £E 50,000	80	10

+ These rates are imposed by the defence tax of 1956.

++ In addition, for the wife and every dependent child deduction is made for £E 50 of annual income provided the total does not exceed £E 200.

Source: Mohammad Ali Badran, op.cit., p. 509.

(1) Till 1950 the rates began with 5% for incomes ranging from £E 1000-1500 and ended with 50% for incomes over £E 100,000. In 1951 the rates were modified - they began with 8% for incomes ranging from £E 1000-1500 and ended with 70% for incomes over £E 50,000. While in

f. **Succession Tax:** The rates of the succession tax (introduced in 1944) were made more progressive by Law No. 217 of 1951. In 1952 when the estates tax was introduced, the rates of the succession tax were made less progressive.

Table IX

Rates of the Succession Tax

<u>Amount of Inheritance</u>	<u>Tax Rates - Percent</u>		
	<u>1944</u>	<u>1951</u>	<u>1952</u>
First slice up to £E 5000	2	5	5
Next slice from £E 5001-10000	3	6	6
Next slice from £E 10001-15000	4	8	7
Next slice from £E 15001-20000	5	10	8
Next slice from £E 20001-30000	6	12	9
Next slice from £E 30001-40000	7	14	10
Next slice from £E 40001-50000	8	17	11
Amount over £E 50,000	10	20	12

Source: Mohammad Ali Badran, op.cit., p. 357.

The above rates are applicable to the shares of descendants, husbands, wives and parents. The rates are doubled for ascendants (except parents), sisters and brothers; they are increased three-

Jordan the rates of the same tax reach a maximum of 40%, the federal income tax rates of the United States reach a maximum of 91%.

fold for nephews, nieces and other relatives till the fourth degree; they are increased fourfold for the rest of the heirs.

- g. Estates Tax: The rates of this tax - introduced by Decree Law No. 159 of 1952 - are as follows:

Table X

Rates of the Estates Tax

<u>Amount of Estate - £E</u>	<u>Tax Rate - Percent</u>
First slice up to 5000	exempt
Next slice from 5001-10000	5
Next slice from 10001-25000	10
Next slice from 25001-50000	20
Next slice from 50001-100000	30
Amount over 100,000	40

Source: Mohammad Ali Badran, op.cit., p. 356.

The rates of this tax reach a maximum limit of 80% in England and 77% in the United States for the estate tax collected by the federal government as compared with 40% in Egypt.

+++++

By putting the largest burden of taxation upon those most able to pay, the Egyptian system of direct taxation corresponds with the principles of social justice. The system of direct taxation in Egypt is progressive; its progres-

siveness was increased after 1952 by raising the rates upon the income of the higher income groups and by widening the range of exemptions for the lower income groups. With the given income inequalities existing in Egypt at present, one may state that the combined incomes of the lower and middle income groups supply far less than 50% of the direct taxes.

As compared with other Arab systems of direct taxation, the Egyptian system is, in general more progressive and, hence, corresponds more with the principle of the ability to pay. However, when it is compared with the systems of Western Europe - especially England - and the United States, it can be seen that there is still room for making it more progressive in the higher income brackets. Such comparisons are, however, of little value since the economic situation in Egypt differs from that of Western Europe and the United States. Egypt is still an underdeveloped country intent on its development; it cannot afford to have steeply graduated tax rates lest that affect adversely the incentives of private entrepreneurs and hence private investment. In order to encourage private entrepreneurs, Egypt has taken certain measures aiming at the exemption of big companies from taxation. Of these measures is Law No. 430 of 1953 which exempts joint stock companies and limited partnerships investing in new fields of industry, tourism and land reclamation from taxes levied on commercial and industrial profits and on movable property. Likewise,

existing companies which expand their activities and invest in the fields specified above are exempted. Other similar measures include Law No. 95 of 1957 which exempts the profits distributed by investment trusts from taxation, and Law No. 54 of 1957 which exempts the amalgamation of Egyptian and foreign companies into Egyptian joint stock companies from stamp duties. This last law exempts, moreover, the amalgamated companies and their shareholders from paying taxes on income derived from mobile values and on commercial and industrial profits..

These big concerns, were they subject to taxation, would have yielded considerable revenue to the government. From the point of view of social justice - the principle of the ability to pay for example - this cannot be justified. The thesis may be even upheld that these big concerns should be subject to a surtax rate if their profits exceed a certain limit. This is the case in the United States where corporations pay a normal tax whose rate is 25% of the profits and an additional surtax rate of 22% of the profits over \$25,000. (1)

To the Egyptian government, the aims and purposes of economic development are preferred, in this particular situation to the aims and purposes of distribution. This is an instance, of many other instances to be cited in this thesis,

(1) U.S. Department of Labor, Economic Forces in the United States in Facts and Figures (Washington: 1955), p. 66.

which illustrates the contradiction of the aims of social justice (equality and welfare) and the aims of increased investment and an accelerated rate of economic development in the short-run.

B. Indirect Taxes

In the group of indirect taxes, customs duties form the most important element. Revenue from customs duties amounted to £E 108 million in the 1957-58 budget estimates and to £E 102 million ⁱⁿ the estimates of the 1958-59 budget. Customs duties usually constitute 95% of the total revenue ⁽¹⁾ furnished by the indirect taxes.

The rates of customs duties, whether ad valorem or specific, differ according to the type of commodity upon which they are imposed. They are greatest upon luxuries and upon imported goods which compete with those produced in the home market. Exemptions include necessities and materials needed for the home industry. The rates of the customs duties were increased cumulatively by 8% in 1952, by 7% in 1955 and by 9% in 1958. Important exceptions to these increases were necessities, printed materials and equipments for the home industry.

In the estimates of the 1958-59 budget, customs duties form 36.6% of the total budgetary receipts. This ratio is

(1) Other indirect taxes include excise taxes levied on a small list of commodities such as alcoholic beverages, sugar, cement and matches; stamp duties levied upon most documents; and an entertainment tax.

comparatively high when compared with the ratios prevalent in Western Europe and the United States. From the points of view of equality and welfare this is not of great importance, however, as long as the rates of customs duties are graduated in such a way as to put heavy burden on items of luxury and to exempt necessities. A detailed analysis of imports shows that the majority of import duties are supplied by articles which may be considered as luxuries to Egyptians such as cars, petroleum, fruits, furs and other similar articles.

C. Domestic Loans

Before 1952, domestic loans which totalled over £E 100 million were issued mainly to finance the Palestine War. After 1952, four groups of loans have been issued. A large portion of the proceeds of these loans is devoted to financing projects of economic development.

The first group of loans was floated in December 1954. It consisted of three different groups: A five year loan of £E 5 million at $2\frac{1}{2}\%$, a ten year loan of £E 10 million at 3% and a fifteen year loan of £E 10 million at $3\frac{1}{2}\%$. The second group of loans was floated in March 1956 and consisted of two groups: a five year loan of £E 5 million at $2\frac{1}{2}\%$ and a fifteen year loan of £E 20 million at $3\frac{1}{2}\%$. The third loan was floated in October 1958; it is a ten year loan of £E 15 million at 3% . The fourth loan, floated in March 1959, is a twelve year loan of £E 15 million at $3\frac{1}{2}\%$.

The Egyptian Government has resorted to the flotation of public debts in order to finance long-term development projects rather than to taxation because it thought it fair to associate future generations in the burden of long-term projects whose benefits accrue mainly to these generations. Moreover, an increase in the burden of taxation may have adverse effects upon private investment which the government is trying to encourage. (1)

The distribution of the burden of a domestic debt among the various classes of society depends mainly on the pattern of its ownership and the methods of its repayment. (2) If the debt is held by the wealthy (banks and big companies), and is repaid by the proceeds of a system of regressive taxation, its burden falls mainly upon the poor. In Egypt the development loans were mainly covered by the wealthy; small subscribers covered only a small part - two million pounds of the 1954 loan and 4 million pounds of the 1956 loan. (3) However, since the Egyptian system of taxation is progressive to a considerable extent and assuming that this progressiveness is not reduced at the time of the repayment of the loans, the degree to which the burden of the loan falls on lower income groups is greatly reduced.

(1) This policy was expressed by the undersecretary of the Ministry of Finance in Al-Ahram, vol. 85, No. 26386 (11/3/1959).

(2) See an article by B.U. Ratchford, "The Burden of a Domestic Debt", American Economic Review (September 1942), reprinted in the American Economic Association, Readings in Fiscal Policy (London: Allen and Unwin, 1955).

(3) "New Development Loans", The Egyptian Economic and Political Review, vol. II, No. 8 (April 1958).

D. The Confiscated Property of the Former Royal Family

Although a political rather than an economic measure, the confiscation of the property of the former royal family had great distributive effects. Estimates of the proceeds of confiscated property (including the 1958-59 budgetary estimates) exceed 40 million pounds. These proceeds, which constituted the major source of revenue in the budget of the Permanent Council of Public Services-till its amalgamation with the Permanent Council for the Development of National Production in the Planning Committee in 1957 - are mainly spent on extending the social services to the poor classes especially
(1)
in rural areas.

(1) See Infra. pp. 80ff.

III. BUDGET EXPENDITURES

In the first part of this chapter it was shown that by manipulating the rates of its taxes, the government can influence the distribution of income and wealth. The government can, on the other hand, by acting upon its expenditures increase social welfare by extending the important social services such as education, health and housing to all the classes of society. This contributes to a considerable degree to the realization of equal opportunity among all citizens.

As shown by the following tables, governmental expenditures on social services have tremendously increased since 1952. (1)

Table XI

Governmental Expenditures on Social Services

1946-47 - 1957-58

<u>Expenditures by Ministries</u>	<u>From 1946-47 till 1951-52</u>	<u>From 1952-53 till 1957-58</u>	<u>Difference</u>
Ministry of Education	164.5	361	+196.5
Ministry of Health	40.3	49.7	+ 9.4
Ministry of Municipal and Rural Affairs	15.2	46.4	+ 31.2
Ministry of Social Affairs	10.6	18.9	+ 8.9

Source: "Statement of the Minister of Finance and Economy in Parliament", Bayamat ar-Ra'ees wal Wazara' Fi Majlis al-Umma (Statements of the President and the Ministers in Parliament) (Cairo: Information Service Press, 1957), Vol. 1, pp. 193-194.

(1) The increase of expenditures on social services is a phenomenon not confined to Egypt. Most neighboring

Table XII
+
Governmental Expenditures on Social Services

1955-56 - 1958-59
(£E 000's)

Social Services	1955-56		1956-57		1957-58		1958-59	
	Amount	%	Amount	%	Amount	%	Amount	%
Education and Orientation	38,934	16.7	43,215	15.3	47,475	15.8	48,450	17.3
Health	15,898	6.3	13,543	4.9	12,627	4.0	13,299	4.8
Other Social Services	<u>50,408</u>	<u>21.0</u>	<u>50,621</u>	<u>18.0</u>	<u>52,829</u>	<u>17.6</u>	<u>49,706</u>	<u>17.1</u>
TOTALS	105,240	44.0	107,379	38.2	112,330	37.4	111,455	39.0

+ These expenditures represent the outlays of the various ministries and independent bodies on the various social services.

Source: "Budget Report", The Egyptian Economic and Political Review, vol. IV, No. 2 (January 1958), p. 47 and "What Sort of Budget", Ibid., vol. IV, No. 8 (July 1958), p. 59.

Since the Revolution of 1952, expenditures on social services did not only increase in amount, but also were planned more carefully. A special body was created in October 1953 by Law No. 493, the Permanent Council for Public Services, to plan, co-ordinate and execute a comprehensive policy of social

countries have tremendously increased their expenditures on social services in recent years. In Egypt expenditures on social services represent in 1957-58 an increase of 183% over those of 1952-53, in Jordan 536%, in Iraq about 100% and in Lebanon expenditures on social services in 1958 represent a 180% increase over those of 1952. United Nations, Statistical Yearbook - 1957, op.cit., p. 536, and Al-Iqtissad al-Lubnani wal-Arabi, op.cit., vol. 8, No. 63 (March 1958), p. 27.

reform by the extension of educational, sanitary and other social services to the masses. The Council is composed of the Ministers of Social Affairs, Education, Health, Municipal and Rural Affairs, Wakfs and National Guidance; and a representative from each of the Ministries of Agriculture, Interior and War. The Council had a separate budget from the general budget. Its revenues were formed mainly by the proceeds from the sale of the confiscated property of the former royal family. In order to co-ordinate and unify the plans of the Permanent Council for Public Services with those undertaken by other bodies, and in order to make the administration and execution of social services more efficient, Presidential Decree No. 263 of March 20, 1957 amalgamated the Council with the Permanent Council for Development of the National Production. Actually the Permanent Council for Public Services is dissolved, since the budget of 1956-57,^{it} is not financed by a separate budget and its activities are taken up by the several ministries.

In what follows there is a brief analysis and appraisal of the main social services undertaken by the Egyptian Government. Emphasis will be focused on what has been accomplished in recent years; comparisons will be made between what has been done before and after 1952 - the year of the Revolution.

(1)

A. Education

The majority of the Egyptian population suffers from

(1) Unless otherwise indicated, the information this section is taken from "Statement of the Minister of Education

ignorance and illiteracy. The census of 1947 shows that the literates form only 33.8% of males and 13.2% of females. In 1956 it was estimated that 75% of the population was still illiterate.⁽¹⁾

In 1953 a ten year plan was adopted to generalize education. According to this plan, it was estimated that by the scholastic year 1963-64, elementary education would become free and compulsory. This plan necessitated the establishment of 4,000 new schools costing about £E 80 million and the preparation of 58,000 teachers costing about £E 6 million. However, due to the increased expenditure on armaments, the Suez War and the diversion of resources to increasing production, this plan was abandoned after two years of its pursuit. Another plan of five years was substituted for it. The aims of this plan are:

(1) The generalization of elementary education (which consists of six years) and improving its standards.

(2) Planning education after the elementary level on the basis of the needs of the country on one hand and its potentialities on the other.

(3) The extension of technical education even if this is done at the expense of general education.

Before Parliament", Bayanat ar-Ra'ees Wal Wazara' Fi Majlis al-Umma, op.cit., pp. 643ff.

(1) Human Relations Area File, Egypt (New Haven: 1957), p. 306.

(4) The realization of equality of opportunity among all citizens for all the stages of education.

By virtue of this plan the following progress was achieved since 1952 in the field of education.

+ The number of schools increased from 7,900 in the scholastic year 1952-53 to 9,400 in the scholastic year 1957-58.

+ The number of students increased from 1.9 million in 1952-53 to 2.75 million 1957-58.

+ Students in the elementary schools increased from 1.4 million in 1952-53 to 2.176 million in 1957-58.

+ In 1957-58 there was a 48% increase in the number of female students over the year 1952-53.

Most of the plans for the future are concerned with the extension of technical education in order to meet the needs of the country for technicians. In 1959 a five year plan was adopted to generalize technical education by the establishment of 340 new technical schools. (1) Other than these schools 22 technical training centers will be established in October 1959. (2) Other programs for the future include the building of 150 elementary schools each year, fifty of which will replace older ones. (3)

The extension of educational services is the most remarkable achievement of the Egyptian Government in the field

(1) Al-Ahram, vol. 85, No. 26375 (28/2/1959).

(2) Ibid., No. 26323 (7/1/1959).

(3) Ibid., No. 26344 (28/1/1959).

of social services. This is witnessed by the tremendous increase in the expenditures devoted to education, by the increase in the number of schools and in the improvement of the quality of education. However, the Egyptian system of education is far from being completely adequate; schools - especially girl schools - are still deficient. Moreover, the faculties of the universities are crowded with students and suffer from shortage of teachers.

(1)
B. Health

The spread of local diseases constitutes a grave problem in Egypt. It is estimated that more than 12 million persons are struck by one or more of the local diseases especially bilharzia, malaria, hookworm and other intestinal worms.

To combat these local diseases, the Ministry of Health with the co-operation of the Permanent Council for Public Services is executing, since 1952, a project aiming at the creation of small sanitary units especially in rural areas for the purposes of the prevention and cure of the diseases as well as for sanitary guidance. Of these sanitary units, which serve each from 10-15 thousand people, 200 units have already been established. The percentage of those struck by bilharzia to total population has decreased from 60% in 1935 to 35% in 1955; the percentage of those who suffer from hookworm has decreased from 28% in 1935 to 14% in 1955.

(1) Unless otherwise indicated, information in this section is taken from "Statement of the Minister of Public Health in Parliament", Bayanat ar-Ra'ees Wal Wazara' Fi Majlis al-Umma, op.cit., pp. 84lff.

To combat chest diseases, an eight year project for combating tuberculosis is undertaken by the Ministry of Health which will provide one clinic of chest diseases for each 150,000 people. For the same purpose, seven new big tuberculosis sanatoriums were established after 1952 and five new small ones.

The Ministry of Health has recently adopted a new plan for the extension of health services especially in rural areas. According to this plan, a main hospital is to be built in the capital of every district, a central hospital designed to serve a group of villages and medical units for every 10,000 citizens.⁽¹⁾

The problem of the spread of debilitating diseases in Egypt is a serious one. It is estimated that £E 80 million are lost of the national income each year due to the reduction in production caused by the reduced ability to work. Efforts undertaken by the Egyptian Government, whether before or after 1952, are not proportionate to the graveness of the problem. Expenditure on health services represents a very small percentage of the total expenditures of the budget. For the five years after 1952 expenditures on health increased only by £E 9.4 million over the five years preceding 1952; expenditures on education for the same period have increased by 196.5 million.⁽²⁾ Moreover, government hospitals are usually

(1) Al-Ahram, vol. 85, No. 26345 (29/1/1959).

(2) See Supra, p. 80.

overcrowded and the quality of service rendered is low; some of the newly established hospitals, though equipped with the necessary equipment have not been open to the public for no (1) apparent reason than mere neglect.

"Health and sanitation", an author has observed, "... have not been satisfactory either from a purely material or a socioeconomic point of view. The shortage of trained medical personnel and the tendency of the country's urban-oriented doctors and nurses to concentrate in Cairo and the few other cities have imposed an absolute limitation on the medical services available to a rapidly expanding rural (2) population."

C. Housing

The Ministry of Municipal and Rural Affairs has undertaken various schemes for the execution of popular housing projects. By virtue of these schemes, the Ministry erects sanitary houses to be leased to groups of limited revenue, mainly workers and small government employees. The rents of these houses are far below those of similar houses, (3) and in some schemes the rents paid are ownership fees which confer, after some time, ownership rights on the occupier.

(1) Al-Ahram, No. 26339 (23/1/1959).

(2) Human Relations Area File, Egypt, op.cit., p. 271.

(3) Houses of one room are let for £E 2.8 a month, those of two rooms for £E 3.0 and those of three rooms for £E 9.

The number of these houses established according to these schemes is 18,533.⁽¹⁾ Another 7,800 houses were built for university students. In addition to these efforts undertaken by the Ministry of Municipal and Rural Affairs, the Ministry of Social Affairs encourages private co-operative societies to build houses for their members and supplies them with credit for that purpose. Similar plans are being taken by the Ministry of Wakfs. Further plans for housing include the establishment of 40,000 houses in Cairo, Alexandria and four other cities over a period of eight years costing £E 8 million.⁽²⁾ More than 3,300 of these houses are to be completed by the end of this summer.⁽³⁾ Moreover, the Ministry of Municipal and Rural Affairs has recently undertaken town-planning projects for the various towns and villages. A sum of £E153,000 is allotted in the fiscal year ending in June 1959 for that purpose. Sixty villages will benefit from this scheme.⁽⁴⁾

The efforts undertaken by the Egyptian Government to provide housing services to small income groups are remarkable especially when they are compared with those accomplished before 1952. However, when compared with the actual needs of the country, they fall far short from satisfying them.⁽⁵⁾

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- (1) Al-Ahram, vol. 85, No. 26325 (9/1/1959). Before the Revolution only 1106 of such houses were built.
 - (2) Akhbar al-Yom, vol. 15, No. 744 (7/2/1959).
 - (3) Al-Ahram, vol. 85, No. 26354 (7/2/1959).
 - (4) Ibid., No. 26364 (17/2/1959).
 - (5) To improve housing conditions in Egypt it is estimated that 300,000 houses should be built annually for a long

D. The Combined Units

In order to reduce costs and to unify the organs of supervision, the Permanent Council for Public Services, instead of the establishment in rural areas of social centers, health centers and centers providing agricultural extension services independent one from the other, decided to combine them in one center called the combined unit. A plan was adopted in 1953 according to which 864 rural combined centers are to be established all over Egypt. Each center covers 4 or 5 villages and serves about 15,000 people. About 260 units have been established - priority being given to the most distressed and poor areas. Each center consists of a hospital of 14 beds, a complete elementary school, a meeting place and a section which provides agricultural extension services. This last section encourages the adoption and spread of rural industries and handicrafts among farmers, distributes to peasants improved strains of domesticated animals and educates farmers by way of guidance and demonstration. The rural combined centers enjoy some **autonomy** in their administration; they are run by the doctor, the school director and a social worker; and they have a budget of their own subsidized by the government.

period of time. Al Majlis ad-Dai'm Lilkhadamat al-Ammah (Permanent Council for Public Services) (Cairo: Nahdhat Misr Press, 1957), p. 145.

E. Drinkable Water

Until recently, drinkable water was almost absent in most rural regions of Egypt. Till 1952, only 15% of the population of rural areas were supplied with clean water. This state of affairs had serious consequences on health since drinkable water, being usually polluted by the germs and microbes of local diseases, contributes to their rapid spread. In October 1954 the Ministry of Municipal and Rural Affairs adopted a comprehensive program costing £E 13 million for the extension of drinkable water to almost all rural areas. (1) According to this project, by June 1959, 96% of the total population will be supplied with drinkable water. (2) Another two million pounds are allotted in the 1958-59 budget to supply the scattered oases and far-away villages with pure water.

(3)

F. Social Insurance Schemes

1. Pension Schemes for Government Employees

Law No. 394 of December 1956 established pension scheme for civil servants to replace an older system established by Decree Law No. 316 of 1952. According to the new

(1) Al-Ahram, vol. 85, No. 26335 (19/1/1959).

(2) The ratio of those benefiting from governmental projects of drinkable water to total population is 100% in Switzerland, 96.5% in England, 67.5% in Italy, 65.7% in Denmark, 47% in Austria and 26.3% in Japan. "Statement of the Minister of Municipal and Rural Affairs", Bayahat ar-Ra'ees Wal Wuzara' Fi Majlis al-Umma, op.cit., pp.948-49.

(3) Social insurance schemes for workers are studied and analyzed exclusively in the next chapter.

scheme, elements of insurance are introduced in the system of pensions for government employees. Thus the system is financed by a fund set on actuarial bases. The scheme applies to all government civil employees and the employees of quasi-governmental bodies which have separate budget. About 200,000 employees benefit from the provisions of the law.

The Law of 1956 provides the civil servant or his family with pensions calculated on a minimum of fifteen years of service in case of death or disability caused by the governmental service in which he is employed. Moreover, the orphans of the civil servant are entitled to have their pensions up to the age of 24 if they are full time students at institutions of higher education. In cases of voluntary withdrawal from service, the government employee is entitled to a gratuity and/or pension at rates which vary with the length of service.

Law No. 394 of 1956 is complemented by Law No. 286 and Law No. 398 of 1956. These two laws grant higher pensions to the dependents of those who lost their lives in defence of the country.

2. Insurance of Government Employees Against Sickness

The Minister of Public Health has concluded the final draft of a law providing insurance against sickness for government employees and their families. The scheme is to be executed immediately after its publication. According to this scheme, a special fund is to be created financed jointly by governmental subsidies and the subscriptions of the civil

(1) servants. Subscription fees are 1/2% of the salary of an unmarried employee, 1% for a married employee having no more than one child and 1¹/₂% for a married employee having more than one child. In the first stages of its application, subscriptions for the scheme will be optional. The hospital of Imbabweh has already been prepared to serve the program of this scheme.

(2)

3. Insurance of Students Against Accidents

(3)
In December 1958 preparatory and secondary school students were insured against accidents for an annual fee of P.T.10 for the former and P.T.15 for the latter. This scheme applies for the scholastic year 1958-59 and covers about half a million students. For total disability or death, the student or his family is granted a sum of £E 450 if the student is in the preparatory school and £E 650 if the student is in the secondary school. In case of partial disability, the sums paid vary according to the seriousness of the accident - they may reach a maximum of 70% of the amount paid in case of total disability or death.

(4)

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- (1) The costs of the scheme are estimated at £E 768,000; 270,350 of which will be provided as subsidy by the government. The rest is to be covered by subscription fees.
- (2) Information about this scheme is primarily taken from Al-Ahram, vol. 85, No. 26337 (21/1/1959), No. 26338 (22/1/1959), No. 26343 (27/1/1959), and No. 26366 (19/2/1959).
- (3) In Egypt the first three years of secondary education are called preparatory - 'Idadee.'
- (4) Al-Ahram, vol. 84, No. 26307 (22/12/1958).

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The majority of the Egyptian people is in great need of the basic social services. A considerable portion of the population is still illiterate under-nourished and inadequately housed. Although there are no exact estimates of national income in Egypt, it can be deduced from the various studies made that the average per capita income has been declining over the past few decades - i.e. national income is increasing at a rate below that of the increase in population.⁽¹⁾ This is reflected in the decrease in the per capita consumption of the four important cereals (wheat, maize, millet and rice) which fell from 217 kgs. in 1938-39 to 190 kgs. in 1940-41 and reached 192 kgs. in 1945-46.⁽²⁾ It is also reflected in the decline in the average per capita daily intake of calories which fell from 2,366 before the Second World War to 2,336 in 1948 and 2,322 in 1952.⁽³⁾

Due to the paucity of savings which is due to the small value of the national income, it is difficult to raise the standard of living of the present population as long as this population is increasing every year with ever increasing numbers. The state has to spend additional sums of money to provide the newly born with the necessary service of health and education. This increase in population coupled with the

(1) Al-Majlis ad-Dai'm Lilkhadamat al-Ammah, op.cit., p. 95.

(2) Charles Issawi, Egypt at Mid-Century, op.cit., p. 85.

(3) Ibid., p. 86.

limited resources upon which the government can draw (due to the small value of the total national product) greatly reduces the ability of the government to improve the existing level of its services.

In order to provide it with the necessary services, it is estimated that a 1% increase in population necessitates an additional increase in revenue which varies from 2-5% of the national income. ⁽¹⁾ In Egypt the rate of the annual increase in population has been estimated at 2.4% for the period of 1947-1953. ⁽²⁾ Around 8.4% of the national income is needed to provide this additional population with the necessary capital.

To cope with this increase in population, the Egyptian Government has allotted increased amounts in its budget to extend and improve its social services. It is estimated that the share of the individual of governmental services has increased from .570 in 1935 to 1.440 in 1955 after eliminating ⁽³⁾ changes in the purchasing power of money. As has been shown earlier, this trend of increased expenditures on social services (especially in the field of education) has been accentuated since 1952.

(1) United Nations, Measures for the Economic Development of Underdeveloped Countries (New York: 1951), p. 47.

(2) Al-Majlisad Dai'm Lilkhadamat al-Ammah, op.cit., p. 130.

(3) Ibid., p. 25.

CHAPTER FOUR

SOCIAL JUSTICE IN LABOR LEGISLATION

I. INTRODUCTION

Due to the important progress in industrialization and the increased importance of the services sector as a result of the accelerated rates of economic development, the number of industrial and commercial laborers has been steadily increasing.⁽¹⁾ The number of industrial and commercial laborers (who are registered in labor unions) has increased according to the following table:

Table XIII

The Number of Industrial and Commercial
Laborers - 1951-1957

<u>Year</u>	<u>Number</u>
1951	146,000
1952	160,000
1953	265,000
1954	315,000
1955	394,000
1956	416,000
1957	500,000

Source: United Arab Republic, Al-Kitab As-Sanawi - 1959, op.cit., p. 489.

(1) The conditions of agricultural laborers were analyzed in Chapter II.

In order to meet the needs of this rising class and to regulate the conditions under which it works especially its relationships with management, various laws were enacted - the most important of which were passed after 1952.

In accordance with the definition of social justice adopted in the first chapter of this thesis; the analysis will be confined in this chapter to those laws and provisions which are conducive to the material equality and welfare of the worker. In a first part the conditions of work of laborers will be analyzed, in a second part provisions which enact social insurance schemes for laborers will be studied. The provisions which treat the distribution of powers and privileges between labor and management such as the right to strike and the organization of trade unions will not be analyzed. ⁽¹⁾

(1) This exclusion will cover such laws as Law No. 318 of 1952 on conciliation and arbitration in labor disputes and Law No. 319 on trade unions.

II. CONDITIONS OF WORK

A. Hours of Work

Law No. 147 of 1935 fixed maximum hours of work in some dangerous and difficult industries - 13 in number - at nine hours per day. Later the number of these industries was increased by ministerial decrees to 65. Working hours in hospitals and commercial establishments are likewise limited to a maximum of nine hours by Law No. 72 of 1946.

During the hours of work, the worker is entitled to rest periods not less than one hour. Moreover, the worker should not work more than five consecutive hours.

B. Leaves and Holidays

Workers of commercial establishments are allowed a weekly leave of one day; no such provision exists for the industrial workers. Moreover, workers who have been employed for a year are entitled to a yearly paid leave of 14 days; workers who have spent 10 years of continuous service have a right to an annual paid leave of 21 days. In addition to these leaves workers of establishments employing more than 100 workers are allowed holidays totalling seven days for the various religious and national feasts.

C. Salaries and Wages

There are no laws which fix minimum wages for workers in Egypt. However, the military proclamation No. 99 of 20 February 1950, which changed the rates of the high cost-of-living allowances, fixed minimum wages including the high

cost-of-living allowances as follows: for workers of 18 years or above £E 0.125 if the worker is daily paid and £E 3.125 if the worker is monthly paid. For workers under 18 years of age the minimum wage is set at £E 0.10 per day and £E 2.50 per month. Although the recorded average wage is above these limits, in some instances the actual wage falls below them. (1)

Decree-Law No. 317 of 1952 sets some guarantees for the payment of wages. According to its provisions, all wages should be paid in legal tender, in the place where the worker works and during working days. The employer is not allowed to deduct more than 10% of the worker's wage for the repayment of a loan or advance.

D. Child and Woman Labor

Employment of children and adolescents is governed by Law No. 48 of 1933 whose provisions apply only to industry at the exclusion of commercial and agricultural establishments. Children whose age is between 9-12 years can only be employed in industries of a non-mechanical nature. Their working hours should not exceed seven per day. For children of 12-15 years of age working hours should not exceed nine per day. Moreover, the aforementioned law enumerates some dangerous industries such as mining and the manufacture of asphalt and explosives in which it is prohibited to employ juveniles under 17 years of age.

(1) The average weekly wage for commercial and industrial worker was £E 2.36 in July 1955 - National Bank of Egypt, Economic Bulletin, vol. X, No. 2 (1957); in 1957 the average weekly was for industrial workers £E 2.54 - Al-Ahram, vol. 84, No. 26269 (14/11/1958).

Employment of women is governed by Law No. 80 of 1933 which applies to commercial as well as industrial establishments. The provisions of this law set the maximum duration of daily work for women at nine hours. Night employment is not allowed for women except for those working in restaurants, hotels, theatres, cabarets and similar places. Moreover, women are prohibited from working in dangerous industries such as those which juveniles below 17 years of age are prohibited. In addition, the law provides pregnant women with maternity leave. Before the time of delivery, women could absent themselves from work for one month; they are entitled to 15 paid days of rest after delivery which may be increased by another 15 days without pay. During the 18 months which follow the date of delivery, women are entitled, in addition to the ordinary period of rest, to absent themselves for a period of half an hour twice a day to nurse the child.

E. Safety, Health and Welfare

According to article 26 of Decree-Law No. 317 of 1952, the employer should take the necessary precautions to protect his workers against injuries from dangerous machines. In case of accident, the employer should supply his workers with first aid; if he employs more than 100 workers, he should engage a nurse to accomplish the medical assistance, a doctor to examine the workers and he should supply the workers with free medicines; if he employs more than 500 workers, he should provide the workers with specialized doctors and pay the expenses of the surgical operations (Article 28).

If the ordinary facilities of transportation do not extend to the place of work, the employer has to provide the worker with the necessary transportation facilities; he has to provide him with decent housing and adequate food if the working place is distant from inhabited places (Article 27). Moreover, high cost-of-living allowances should be provided to all workers according to proportions set by Proclamation No. 99 of 1950.

III. SOCIAL INSURANCE SCHEMES

A. The Social Security Law of 1950

From 1947 to 1950 Egypt has provided for some schemes of social assistance to needy persons. At that time it was thought that if a social security system were introduced, it could not be applied to all categories of workers for financial as well as technical reasons.

In 1950, the first social security law was promulgated in Egypt (Law No. 116 of 1950). The scheme set by this law, however, resembles more a scheme of public assistance than a scheme of social security. It provided the payment of a pension to the following groups of persons if the income of their family - husband, wife and children - did not exceed a certain limit:

- 1) Widows with children.
- 2) People who are struck by a complete disability to work.
- 3) Old people above 65 years of age.
- 4) Orphans.

Moreover, the scheme provides for the payment of a social assistance to the following needy persons:

- 1) Divorced women with children.
- 2) Widows below 65 years if they have no children.
- 3) The family whose supporter is struck with a partial incapacity or whose supporter is sick, imprisoned or unemployed.

- 4) Poor families for delivery and death expenses.

It was estimated that the scheme will cover half a million people who have about a million dependants.⁽¹⁾ The funds allocated for it in the 1951-52 budget amounted to £E 6 million but the government found itself unable to continue in this costly project and hence lowered the funds of the scheme in 1952-53 budget to 1¹/₂ million. The Decree-Law No. 172 of 1952 made the right to a pension or assistance conditional on the existence of the necessary funds in the budget. All requests for pensions which were not already studied were refused as the government found that the pensions already agreed to exceed the funds allotted for the scheme in the budget.⁽²⁾

B. Insurance Against Death and Total and Permanent Disability

Law No. 419 of 31 August 1955 created an insurance and provident for industrial and commercial workers which aims at:

- 1) Insuring industrial and commercial workers against risks of death and total and permanent disability to work.⁽³⁾

(1) Charles Issawi, Egypt at Mid-Century (London: Oxford University Press, 1954), p. 76.

(2) "The main criticism that can be directed against this scheme is that a community which needs a high level of investment and where the sense of family obligation is strong spends on the aged money which might have been more usefully used to develop the productive capacity of the young.", Ibid.

(3) Except for death or total and permanent disability resulting from work accidents or vocational diseases which are dealt with by Law No. 202 of 1958.

In such cases a separate compensation is paid to the worker in addition to the termination-of-employment indemnity.

- 2) Guaranteeing the payment of the termination indemnity.

When first applied in April 1956, the scheme covered only industrial establishments whose center of activity was at Cairo or Alexandria, By January 1957 it included all industrial and commercial establishments all over Egypt which employ over 50 workers. ⁽¹⁾ It is hoped that by 1960 the scheme will be generalized to all industrial and commercial establishments which employ five or more workers.

Financial participation in the insurance fund falls exclusively upon employers; it amounts to 2% of the total wage bill. The provident fund is financed by both employers and the workers. Workers pay 5% of their wages and employers pay 5% of the total wage bill. ⁽²⁾ The financial participation of employers in the provident fund is justified since it is devoted to the payment of the termination indemnity which

(1) Khalid el-Izsi, At-Ta'meenat al-Ijtimayyah Lilummal Fiduwal al-Arabiyyah (Social Insurance for the Laborers in Arab States) (Cairo: Maktabat al-Kaheerah al-Hadeessah, 1959), p. 223. The number of workers who were covered by the provisions of the law was 76,000 in 1956 and 305,000 in 1957 - Gamal Abd El-Nasser, "Speech Before the Co-operative Conference", Al-Ahram, vol. 84, No. 26283 (28/11/1958).

(2) In addition employers have to pay 0.1% of the total wage bill. This sum constitutes a reserve fund which ensures the payment of the termination indemnity in case the funds prove to be insufficient.

employers had to pay anyway according to the provisions of Decree-Law No. 317 of 1952 on the individual contract of employment. If the value of the termination indemnity exceeds what the employer has actually paid to the provident fund, the fund pays the complete indemnity but it has the right of recourse to the employer for the payment of the difference.

At the termination of employment the insurance and provident funds must pay the following sums to the member workers:

- 1) The termination indemnity ⁽¹⁾ as a counterpart to the contribution of the employer in the provident fund. Workers are not entitled to the indemnity if they are dismissed by the employer for one of the reasons enumerated by article 40 of Decree-Law No. 317 of 1952 ⁽²⁾ or if they resign before the completion of two years of service (article 31 of Law No. 419 of 1955).

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- (1) According to article 37 of Decree-Law No. 317 of 1952, the worker is entitled to a termination indemnity if the period of an employment contract of a definite period expires or if the employer puts an end to an employment contract of an indefinite period. A monthly paid worker is entitled to an indemnity equal to a half-a-month wage for each of the first five years of employment and for a full month wage for each of the following years provided that the indemnity does not exceed the total wage of a year and a half. In other cases, the worker has the right to an indemnity equal to the wage of 10 days for each of the first years and for the wage of 15 days for each of the following years provided that the indemnity does not exceed the wage of a year.
 - (2) Such as when the worker assumes the identity of another person, when he presents false documents or recommendations or when he is sentenced for an infamous felony or misdemeanor.

- 2) As a counterpart to the worker's contribution in the provident fund, the sum total of these contributions plus an interest whose rate should not fall below 2%.
- 3) As a counterpart to the contribution of the employer in the insurance fund, an indemnity in case of total and permanent disability or death according to rates regressively graduated according to the age of the worker. The rates - as amended by article 5 of Law No. 59 of December 7, 1955 - are 250% of the last annual wage if the age of the worker at the time of the accident is 20 years, 100% of the annual wage at the age of 50, 50% of the annual wage at the age of 60 and 25% at the age of 65. In case of death, the indemnity is paid to the legal heirs of the worker according to a proportion fixed by article 46 of Decree-Law No. 317 of 1952.

The Insurance and Provident Fund is run by a board of directors composed of:

- 1) Eight members, four representing the employers and four representing the workers.
- 2) Six civil servants: the permanent and the assistant undersecretary of the Ministry of Social Affairs, the general director of the Public Administration for Work, the assistant governor of the National

Bank of Egypt, the undersecretary of the Ministry of Finance and National Economy and the general manager of the Insurance and Provident Fund.

The revenues of the Fund are exempt from stamp duties, the specific income taxes and the succession tax of 1944. In 1956 they amounted to about £E 1 million.⁽¹⁾ A considerable part of these revenues is invested in the various new industrial companies.

C. Insurance Against Work Accidents and Vocational Diseases

Law No. 202 of December 8, 1958 - applicable as from April 1, 1959 - has introduced a new scheme of insurance against work accidents⁽²⁾ and vocational diseases.⁽³⁾ Its provisions replace earlier provisions of Law No. 86 of 1942 on the obligatory insurance of workers against work accidents, Law No. 89 of 1950 on the compensation of industrial accidents and Law No. 117 of 1950 on vocational diseases. The Law applies to all industrial and commercial workers (including apprentices); it applies also to agricultural workers in case the accident is caused by machines.

(1) Khalid El-Izzi, op.cit., p. 223

(2) Work accidents are defined as accidents caused by the job or while performing it - including accidents caused while going or coming from work (article 1, B).

(3) Vocational diseases are enumerated by a special schedule appended to the law.

In order to compensate the workers for the work accidents and vocational diseases, a special fund is created which is annexed to the Insurance and Provident Fund. It is financed exclusively by the insurance fees paid by the employers whose rates vary according to the type of risks to which the worker is exposed during the work.

In case of an injury resulting from work accidents or vocational diseases, the worker is entitled to the following:
(1)

- 1) Medical expenses which include ordinary hospital expenses, surgical operations, medicines and professional rehabilitation.
- 2) Compensation during medical care:
 - a) a compensation equal to 70% of the wage during the 90 days which follow injury.
 - b) after the expiry of 90 days, a compensation equal to 80% of the wage during one year following the accident, or until the death of the worker, his cure or his ascertained incapacity to work. In any case, the compensation must not be less than 10.25 piasters per day.
- 3) Compensation of permanent disability:
 - a) in case of total disability, the worker is paid a monthly pension equal to 60% of his

(1) The worker loses the right to compensation and the payment of medical expenses if he wilfully injures himself or if the accident is caused by a wilful and flagrant misconduct on his part.

wage provided that it be not less than 240 piasters and not more than 24 pounds.

- b) in case of partial disability, the indemnity depends upon the seriousness of the injury. If the partial disability is equal to 40% or more of total disability, the worker is entitled to a portion of the pension which would have been due in case of total disability proportional to the percentage of the actual disability to total disability. If the degree of disability is less than 40%, no pension is given to the injured but a lump sum indemnity equal to the percentage of the actual disability to total disability multiplied by the value of the pension given in case of total disability for five years.
- 4) Death compensation: If the accident results in the death of the worker, his family is entitled to a monthly paid pension equal to 50% of the wage of the worker provided that the pension be not less than 200 piasters and not more than 20 pounds. The pension is paid to the widow all her life or till her marriage, to daughters and sisters until they get married or attain their legal majority, to brothers and boys till the age of 17 and to parents all their life. The pension is divided among the beneficiaries according to a proportion fixed by article 46 of Decree-Law No. 317 of 1952.

D. Insurance Against Unemployment

Unemployment insurance does not exist in Egypt.

Unemployment is regulated only partially by Egyptian law. Law No. 244 of 1953 organized employment bureaus under the supervision of a public authority. Those unemployed have the right to register in the employment bureau of the district where they reside. The employment bureau helps in finding suitable jobs for the unemployed according to their ability and age. Industrial and commercial establishments should notify each month the employment bureau of their district of the vacancies they have.

As a form of unemployment relief, article 33 of Law No. 419 of 1955 gives the worker, who is otherwise not entitled to the payment of his savings; the right to withdraw all his savings with their interest if he remains unemployed for a continuous period of not less than six months. The worker loses the right to his savings in the provident fund when the employer puts an end to the employment contract if the worker commits certain deliberate and flagrant mistakes such as when the worker assumes the identity of another person, when he presents false documents or recommendations or when he is sentenced for an infamous felony or misdemeanor.

IV. CONCLUDING REMARKS

The Egyptian labor legislation encompasses most aspects of labor conditions. When compared with the legislation of other Arab countries, Egyptian laws and regulations appear to be the most comprehensive and to guarantee most the interests of the working class.⁽¹⁾ In fact, due to the rather weak labor movement and the absence of alternative choices of employment, the interests of the working classes would be exploited unless protected by positive measures taken by public authorities. This may explain and justify the paternalistic attitude of the Egyptian Government towards labor.

It is to be noted that important labor laws and regulations were passed after the period of the Revolution. The first of these is Decree-Law No. 317 of 1952 on the individual contract of employment which replaced the provisions of Law No. 41 of 1944 that dealt also with the individual contract of employment. The new law does not change the provisions of the previous law on the payment of the termination indemnity.⁽²⁾ It decrees, however, that in case of illegal dismissal of

(1) Khalid El-Izzi, op.cit., and Yusif A. Sayigh, "Management - Labor Relations in Selected Arab Countries: Major Aspects and Determinants", International Labor Review, vol. LXXVII, No. 6 (June 1958).

(2) Dismissal of a worker is legally justified if the worker commits certain deliberate and flagrant mistakes such as when he assumes a false identity or when he is sentenced for an infamous felony or misdemeanor.

laborers by the employer, the laborers have the right, in addition to their termination indemnity, to an indemnity to be fixed by the courts. Moreover, the law specified the national and religious holidays to which the worker is entitled. The yearly paid leave which consisted, according to the provisions of the 1944 law, of 7, 10 or 15 days depending on the type of work, was fixed at 14 days per year for all workers. The new law also gives the workers who spent 10 years of continuous service the right to an annual paid leave of 21 days.

The law of 1952 enacts moderate improvements in the conditions of work of laborers. It does not deal, however, with fundamental matters such as the hours of work and woman and child labor. This attitude is defensible since the basic problem of labor legislation in Egypt is not to enact new laws which are protective of labor interests, but to enforce existing laws much more efficiently. Many employers used to evade the application of the provisions of existing laws. (1) Since 1952 offices of labor inspection were increased in order to control the enforcement of labor laws, but it is doubtful whether all evasion has been removed.

Another important law which was passed after 1952 is Law No. 244 of 1953 on the registration and employment of the unemployed, employment bureaus under the supervision of public authorities were created. Although the law does not

(1) Rached el-Brawi and Muhammad Alish, At Tatawwur al-Iqtissadi Fi Misr (Economic Change in Egypt) (Cairo: An-Nahdha al-Misriyyah, 1949), pp. 266 and 272.

constitute a fundamental solution to the problem of industrial and commercial unemployment, it helps (by helping the unemployed to find suitable jobs) in abolishing unemployment which is attributable to the imperfect knowledge on the part of the workers and/or employers. Moreover, by instituting employment bureaus, public authorities get an idea about the number of the unemployed and the occupations at which unemployment prevails. This knowledge is of utmost importance for further remedies against unemployment.

Two other important laws were passed after 1952: Law No. 419 of 1955 on the creation of an insurance and provident fund and Law No. 202 of 1958 on work accidents and vocational diseases. The first law provides for some guarantees for the payment of the termination indemnity and introduces for the first time a system of insurance against death and total and permanent disability to work. The second law gives more generous indemnities in case of work accidents or vocational diseases than those which were given under previous legislations - Law No. 86 of 1942 and 117 of 1950. Moreover, the indemnity, under the provisions of Law No. 202 of 1958, is changed from a lump-sum indemnity to an indemnity paid in the form of a pension to the disabled or to his family.

These two laws on social insurance seem to constitute the first step towards a comprehensive social insurance scheme which will cover sickness, unemployment, old age and other hazards of life. The Insurance and Provident Fund is preparing a scheme of sickness insurance. According to this scheme,

a special fund, financed by workers and employers, is to be annexed to the Insurance and Provident Fund. ⁽¹⁾ The Fund is ⁽²⁾ also studying a scheme of unemployment insurance. Moreover, the legal project which will unify labor legislation in Egypt and Syria is more protective to workers than the existing legislation. It sets the minimum age of child labor at 12, it gives pregnant women 50 days for delivery and it limits working hours to 48 per week in all industrial and commercial establishments. ⁽³⁾

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Despite all the improvements in labor legislation since 1952, it is still far from the standards adopted by the developed countries. ⁽⁴⁾ However, it may be that the particular economic conditions in Egypt do not permit the adoption of the standards of the developed countries. Over-

(1) Al-Ahram, vol. 85, No. 26341 (25/1/1959).

(2) Ibid., No. 26361 (14/2/1959).

(3) Ibid., No. 26375 (28/2/1959).

(4) This may be deduced from the comparison of the existing Egyptian laws and the standards adopted by the various conventions of the International Labor Organization. In its 23rd session at Geneva 1937, the International Labor Organization - Conventions No.s 59 and 60 - prohibits children under 15 years from working in agricultural, industrial and non-industrial establishments; it prohibits children under 18 years to work at night in industrial establishments (Ninetieth session, Convention No. 91, San Fransisco 1948). Women should be allowed a rest period of six weeks before delivery and six weeks after delivery (First session, Convention No. 3, Washington 1919). Maximum hours are fixed at 48 hours per week in industrial and commercial establishments (First session, Convention No. 1, Washington 1919 and 14th session,

population and the extreme poverty of the workers make an important improvement in labor laws, if ever enacted, extremely difficult to enforce if not completely unenforceable.

Since the supply of labor - unskilled labor in particular - is in excess of the demand for it, laborers are usually forced to accept low wages and unpleasant conditions of work. It was seen that the actual wage fell in some instances below the minimum fixed by law. ⁽¹⁾ It was also noted that employers usually evade the enforcement of the provisions of labor laws. It would be better, therefore, to enforce existing measures more effectively than to enact new laws which, though more protective of the interests of labor, would prove to be unenforceable.

As far as social insurance and social security schemes are concerned, the state cannot assume itself their financial burden. In fact, the Egyptian Government has greatly reduced the effects of the social security law of 1950 for lack of funds. The new insurance schemes which were introduced are financed in their major part by the employers and to a lesser extent by the workers. At this stage of the development of the country, the Egyptian Government seems to sacrifice the object-

Convention No. 30, Geneva 1930); maximum working hours are set at 40 per week for the textile industry (Twenty-third session, Convention No. 61, Geneva 1937). In New Zealand, France, and the United States maximum working hours per week are 40 in principle. For the Egyptian standards see supra pp. 96ff.

(1) Supra, p. 97.

ives of equality and welfare for the objectives of increased production and industrial investment. Moreover, the government seems cautious in overburdening the employers with the financial load of elaborate schemes of social insurance lest that affect adversely their incentives and hence reduce private investment.

The moderate burden put on the employers by the two schemes of social insurance analyzed above adds to the welfare of the workers and realizes some redistribution of income in favor of the working class. This redistribution of income may be offset, however, by two factors: the increase in the productivity of the worker resulting from his feelings of security for his future and the shifting of the financial burden by the employers on the workers themselves by offering lower wages. This shifting may be easy especially that the minimum wage provisions are not very well enforced in Egypt.

The effects of these two schemes on the incentives of entrepreneurs and on private investment in general cannot be discerned, yet. Insurance against death and permanent and total disability will not be applied to all industrial and commercial establishments which employ above five workers before 1960. The application of the insurance scheme against work accidents and vocational diseases dates from April, 1959. Due to the limited application of these two schemes, their actual effects on incentives and investment cannot be discerned, yet.

V. SUPPLEMENT

In April 1959 two labor laws were published which unified labor legislation in the Syrian and Egyptian Provinces of the United Arab Republic. These laws are the Unified Labor Law which receives application immediately and the Unified Social Insurance Law which receives application in August 1959.

These two laws bring about important modifications to existing labor legislation in the Egyptian Province. Most important of these modifications are:

1) In the Conditions of Work:

- a) The minimum age below which children are not allowed to work is fixed at 12.
- b) Maximum hours of work are set at 8 per day.
- c) The weekly leave of one day is made obligatory for industrial as well as commercial laborers.

2) In Social Insurance:

- a) The termination indemnity, instead of being paid as a lump-sum, is paid in the form of a pension each month.
- b) The insurance indemnity for death or incapacity is paid also in the form of a pension.

CHAPTER FIVE
MISCELLANEOUS MEASURES

I. INTRODUCTION

This chapter is dedicated to the examination of the effects of some institutions and measures which alleviate social injustice by reducing social inequalities. These measures have nothing in common other than their equalitarian effects; when these effects are compared with those of other measures analyzed in previous chapters, their relatively minor importance is easily discerned..

These measures are studied under three main headings: The reduction of the cost of living, the co-operative movement and some measures concerning companies.

II. THE REDUCTION OF THE COST OF LIVING

In order to reduce the cost of living for the ordinary consumer, the Egyptian Government utilizes three main ways.

1. Fixing the prices of certain products according to tariffs set by the Ministry of Supply. These products fall in 26 groups and include about 1500 commodities. ⁽¹⁾ Most important among these products are necessities including food (flour, meat, coffee and apples), medicines, glassware and clothes.

2. The subsidization by the Ministry of Supply of the producers of some food necessities which are widely used by the poor classes such as bread, vegetable oils, beans, maize and kerosene. These cost of living subsidies amounted to a total of £E 37.9 million for the budgets of the years of 1952-53 to 1957-58. ⁽²⁾ This measure is a necessary corollary to the first.

3. The limitation of the rate of commercial profits on some articles. The limitation of profits is expressed as a percentage of the purchase price of the product if the product is produced internally and as a percentage of the costs of imports if the product is imported. Certain imported materials are allowed a lower rate of profits in order to discourage

(1) Al-Ahram, vol. 85, No. 26392 (17/3/1959) and No. 26399 (24/3/1959).

(2) Statement of the Minister of Finance, Bayanat ar-Ra'ees wal Wuzara'fi Majlis al-Umma, op.cit., p. 193.

their importation. The rates vary from 45% to 10%; component of these rates are distributed among importers, wholesalers and retailers. The limitation of the rate of profit covers a wide range of articles including leather, furs, beauty products, cigarettes, paper, textiles, dairy products, radios and marble. A concrete example of the limitation of profits is the Proclamation No. 90 of 1958 which limited the rate of profits on imported chinaware to a maximum of 45% of the cost of imports. The profits are to be distributed as follows: 15% to the importer, 8% to the wholesaler and 22% to the retailer.

Despite the fact that the cost of living subsidies were greatly reduced after 1952,⁽¹⁾ the three afore-mentioned measures were effective to some extent in reducing the costs of life especially to the poor classes. If 1948 were taken as a base year, the yearly estimates of the costs of living in 1956 were only 103.⁽²⁾

The limitation of the rate of commercial profits on some articles is not only important because it contributes to the reduction of the costs of living, but also because it limits the economic powers of monopolists in the trade section of the economy. The eradication of monopolies has been declared by Egyptian politicians (after the Revolution of 1952) as one of the important bases of the democratic, socialist,

(1) The reduction in the budgets of the five years after the Revolution to the five years before it is more than 40%.

(2) The Egyptian Economic and Political Review, vol. 4, No. 2, (January 1958), p. 37.

co-operative society. The limitation of the rate of commercial profits on some articles does in no way constitute the eradication of monopolies in the trade sector. However, it limits to a considerable extent the monopolistic powers of some traders.

III. CO-OPERATION

The Egyptian Government encourages and fosters the co-operative movement in various ways. It subsidizes the various groups of co-operative societies and encourages the holding of annual co-operative conferences. Article 16 of the constitution of 1956 declares that the state should encourage and give aid to co-operative enterprises; co-operation, moreover, is viewed as one of the foundations of the democratic, socialist co-operative society which the government aspires to erect.

Co-operative societies have increased in recent years. While there were 2,127 co-operatives in 1952 including 1,700 agricultural co-operatives and 342 consumers' co-operatives, in 1958 there were 2,967 co-operatives: 2,347 of which are agricultural co-operatives and 533 consumers' co-operatives. (1) Thus there are two main groups of co-operative societies in Egypt - the agricultural co-operatives and the consumers' co-operatives. The object of agricultural co-operatives is to provide credit to their members, to supply them with the necessary materials for the exploitation of the land, to organize and supervise the actual process of farming, to market collectively the produce and to provide the members with all agricultural and social services. The purpose of consumers' co-operatives is the buying of various goods (usually necessities such as food and clothing) at a wholesale price, thus eliminat-

(1) United Arab Republic, Al-Kitab as-Sanawi - 1959, op.cit. p. 495.

ing the intermediary agents between producers and consumers. In the consumers' as well as in the agricultural co-operatives the profits are distributed annually to the members.

From the point of view of reducing the inequalities in the distribution of income, the role played by each of the two kinds of co-operative societies differs from the other. By far the most important role is played by the agricultural co-operatives. They lower the costs of production and marketing to the farmer, and the farmers get themselves the profits which would have otherwise accrued to landlords and merchants. Thus a transfer of revenue is realized in favor of the lower income group, the farmers.

On the other hand, the role played by the consumers' co-operatives in reducing the inequalities of income is more or less negligible. By these co-operatives, the profits which usually accrue to the retailer and sometimes the wholesalers are distributed among the members of the co-operative. The retailer or even the wholesaler does not belong, however, to a higher income group than the members of the consumers' co-operative who usually belong to the middle and upper middle classes.

IV. SOME MEASURES CONCERNING COMPANIES

The activities of companies have been subjected in recent years to various measures enacted by the Egyptian Government. Some of these measures, by reducing social inequalities, have some incidence upon social justice. The most important of these are:

1. The limitation of the salaries of the members of the board of directors:

According to the provisions of Law No. 114 of 1958, the remuneration of the members of the board of directors of any company should not exceed 10% of net profits after deducting depreciation costs, reserves and distributing a profit not less than 5% of capital to the shareholders. The remuneration of the member of the board of directors should not exceed £E 2500 annually if the profits of the company permit that (i.e. if 5% of the capital or more is distributed as profits to the shareholders). If the profits of the company are less than 5% of the capital, the limit of maximum remuneration becomes £E 600 annually. Moreover, a person cannot be at the same time a member of the board of directors of more than two companies and the managing director should limit his activities to one company only.

2. The permission of issuing shares of low nominal value:

In order to help small savers to invest in new enterprises, the Egyptian Government permits the newly formed companies to issue shares of £E 1 denominations. It is thought

that such a measure will increase the share of workers and small employees in new investment enterprises.

The effects of these two measures ⁽¹⁾ are of extremely minor importance. The first one only affects some restricted categories of persons. The second is perhaps much more important since it allows persons of limited revenues participate in reaping the fruits of various enterprises. The effectiveness of the measure, however, is greatly reduced since it is not a binding rule but only a permission. Therefore, it is doubtful whether many companies will resort to issuing shares of low nominal values.

As to curbing the powers of monopolies and the prevention of monopolistic practices which is repeatedly stated in the policies of responsible people in the government, no measures aiming at that were actually taken as far as the activities of companies are concerned. The exemption of the amalgamation process of joint stock companies from stamp duties and other fees justifies grave doubts as to the actual application of the declared policies of the government vis-à-vis monopolies.

(1) Measures of Egyptianization which consisted in the transfer to Egyptians of the property and activities of foreign banks, insurance companies and agencies of importation (immediately if the owners are French or British and within a period of 5 years in other cases) do not have any consequences on social justice. The operation of Egyptianization consists in the transfer of foreign concerns to Egyptians; the transfer of wealth is effected from foreigners to Egyptians (usually the well-to-do) and not from one Egyptian class to another.

CHAPTER SIX
CONCLUDING REMARKS

Egypt is an underdeveloped country. The features of underdevelopment such as the prevalence of illiteracy, the spread of diseases and the depressed standard of living are all present in the Egyptian society. Moreover, the Egyptian society is characterized by relatively wide disparities in the distribution of income and wealth.

Such conditions are socially unjust. They are in no way in conformity with the ideals of social justice. Illiteracy, disease and the low standard of living are contrary to the first objective of social justice - the welfare of the individual. The inequalities in the distribution of income and wealth are contrary to the second objective of social justice - equality among the various classes of society.

Prior to the Revolution of 1952, the Egyptian Government undertook some measures which aimed at increasing the welfare of the masses and at a better distribution of income and wealth. Most important among these measures were the creation of rural social centers, a modest extension in the services of education and the provision of important subsidies destined at reducing the cost of living of the masses. However, these measures were in no way sufficient to realize

the objectives of social justice. Despite these moderate measures, "the gap separating the mass of the people from the governing class was growing wider day after day, while the difference between the classes was becoming more and more manifest."⁽¹⁾

After the Revolution of 1952, the establishment of social justice was declared by those in power as one of the six major aims of the Revolution. Moreover, the change of regime was declared as a social as well as a political Revolution. In implementation of this declared policy important measures were taken to reduce inequalities among social classes and to improve the lot of the masses. Most fundamental among these measures is the Agrarian Reform Law of 1952 which redistributed income and wealth in the agricultural sector of the economy. Other measures which aim at realizing more social justice include the adoption of a relatively progressive system of taxation, the extension of the basic social services especially education and the improvement in the conditions of industrial and commercial laborers.

Along with this policy which aims at a more equitable distribution of economic rewards, the Egyptian Government aims at increasing the national income by a rapid and substantial development of agricultural and industrial production.

(1) Hussein Fahmy, "Modifications of Economic Plans in Egypt", L'Egypte Contemporaine (1953-54), p. 152.

In the field of agriculture important projects for the extension of the cultivated area such as the High Dam and the New Valley Scheme are launched; in industry a five-year plan for industrialization is already under execution.

From the outset, the Egyptian Government realized that the pursuit of the aim of social justice was in conflict with the pursuit of the aim of increased production and an accelerated rate of development. This conflict and contradiction between the aims of increasing national income and the aim of its equitable distribution is acute and important especially in the short-run. Both objectives compete for the available capital resources which are scanty in underdeveloped countries such as Egypt. The dilemma or perhaps the tragedy which faces Egypt (and the underdeveloped countries in general) is the choice it has to make between these two aims in the short-run. Should the available resources be spent on improving the health and the diet of the poorest classes or should they be spent in the acquisition of physical capital equipment destined at increasing production, is the decisive question. The situation in Egypt is made more difficult since a good deal of its resources are dedicated to the purposes of defending the country. (In recent years expenditures on defence amounted to about 30% of the total governmental expenditures.)

It should be kept in mind, however, that though the usual phenomenon is the contradiction and conflict between the aims of increased production and the aims of social

justice, the two aims are complementary in some respects especially in the long-run. They are complementary and harmonious in so far as the projects destined to increasing production put at the disposal of the unemployed the means of living and in so far as the extension of the basic social services (such as health and education) increases the productivity of the masses and hence contributes to the increase in the total product. This complementarity and harmony which operates best in the long-run has limited and reduced consequences in the short-run. The basic dilemma, i.e. whether a country should have greater equality today as against more income tomorrow, remains to be solved.

How this dilemma was solved by the Egyptian Government was analyzed through the preceding chapters for every measure or group of related measures. On the whole, and except for the Agrarian Reform Law, Egypt seems to prefer the pursuit of the aims of increased national production to the aims of social justice. To put it in the terms of Jacob Viner, Egypt has opted for the "aristocratic approach" of governmental planning rather than for the "humanitarian approach".⁽¹⁾

This policy was not pursued, however, as far as the Agrarian Reform Law was concerned. In the agricultural sector

(1) Jacob Viner, "America's Aims and the Progress of Underdeveloped Countries", The Progress of Underdeveloped Areas (Chicago: The University of Chicago Press, 1952), p. 188.

the existing socio-economic relationships in 1952 had serious and unhealthy consequences on the economic structure of the country, on its social conditions and its political life. The majority of the Egyptian population - the fellaheen - were exploited by a relatively small group of landlords which concentrated in its hands economic and political power and social prestige. Reform was necessary to remove these socio-economic ills and to realize some social justice in the field of agriculture. Irrespective of its immediate effects on agricultural production, reform had to be enacted. Estates exceeding 200 feddans were broken up and small pieces of land were distributed to the landless peasants. This distribution of lands coupled with the reduction of rents had far-reaching results in realizing a more equitable distribution of income and wealth in the agricultural sector of the Egyptian economy.

Although the aim of social justice was given priority over the aim of increased production in the agricultural sector, on the whole the policy of the Egyptian Government is to sacrifice aims of social justice for the aims of increased production. This choice has been illustrated time and again in the preceding chapters of this thesis. It was first illustrated in the policy of the Egyptian Government towards the budget - in its revenue side as well as in its expenditure side.

As far as the revenues are concerned, the basic conflict of aims was clear and manifest: Should the Egyptian

Government for purposes of social justice adopt a steeply graduated system of taxation irrespective of its effects on the incentives of private entrepreneurs and hence private investment, or should it, in order to encourage private entrepreneurs, exempt their enterprises from taxation? Egypt has opted for the second policy. Various measures have been enacted which aimed at reducing the burden of taxation on private entrepreneurs irrespective of the profits which they realize. These measures which were studied in Chapter Three include the exemption of the profits distributed by investment trusts from taxation and the exemption of joint stock companies and limited partnerships investing in new fields of industry, tourism and land reclamation from taxes levied on commercial and industrial profits and on movable property.

The Egyptian Government was faced with the conflict of aims of social justice and increased production not only in the revenue side of the budget, but also in the expenditure side: should the revenues be expended on projects destined to increase agricultural or industrial production or should they be spent on extending the basic social services to the masses? Egypt seems to have chosen the first policy. Thus, the expenditures on the extension of health services increased by small amounts since 1952 and the cost of living subsidies destined to reduce the costs of life of the masses were reduced after the Revolution. This priority given to the aims of increased production is even manifest in the field of educational services where remarkable efforts of extension and

development took place after 1952. The Minister of Education declared in 1957 before the Egyptian Parliament that the extension of education^{al} services had to be slowed down due to the diversion of funds to increasing production and due to the increased expenditures on armaments. (1)

The priority given to the aims of increased production over the aims of social justice was also manifested in the field of labor legislation. The Egyptian Government, being not prepared to assume the financial burden of social security and social insurance schemes, has greatly reduced the consequences of the social security law of 1950 for lack of funds. Moreover, it took no part in the financial burden of the new social insurance schemes. In elaborating these schemes, the government is also cautious in overburdening employers with elaborate schemes of social insurance lest that have adverse effects on their incentives.

Is the policy pursued by the Egyptian Government justified? Is it justified that, in the hope of having a substantial rise in the national income and a better form of its distribution in the future, the present generation of Egyptians should continue to bear some of the injustices which for ages it used to endure? At this stage of development of the country, such policy seems justified to the writer on three main grounds.

(1) "Statement of the Minister of Education Before Parliament", Bayanat ar-Ra'ees Wal Wuzara' Fi Majlis al-Umma, op.cit. p. 658.

1. If all the available capital resources were directed now to the improvement of the conditions of the poor classes, the effect would be negligible due to the scantiness of resources in comparison to the efforts needed.

2. Moreover, the amelioration of the conditions of the poor would result in a reduction in the mortality rates and hence would raise the natural rate of increase of the population. This is a situation which is in no way favorable to an overpopulated country such as Egypt.

3. Finally, severe measures of income redistribution adversely affect domestic capital formation by transferring income from groups which save their incomes to groups which dedicate it wholly to current consumption.

The policy of the Egyptian Government does not mean of course that the aims of social justice are completely sacrificed for the aims of increased production. What it does imply is that in the pursuit of the aims of social justice and increased production priority - in case of acute conflict and contradiction - is given to the aims of increased production. The aims of social justice, as was evident through the preceding chapters, were not neglected. Apart from agrarian reforms, the taxation system was made more progressive, important advances were realized in the field of education, many combined units were erected in order to extend the social services to the people of rural areas and important measures were adopted in favor of the industrial and commercial laborers.

Given the limited resources of Egypt, the policy of the government to give priority to the aims of increased production and to armaments and the political and military troubles associated with the Suez War and other incidents in the area, the task of the Egyptian Government in the field of social justice after 1952 seems to be considerable. However, the evaluation of such a task in absolute terms - that is in terms of the actual needs of the Egyptian society for welfare among its members and for equality among its various classes - reveals that a tremendous task is still to be done.

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• (١٩٥٩ / ٢ / ٢٧)	٢٦٣٤٣	عدد	١٨
• (١٩٥٩ / ١ / ٢٨)	٢٦٣٤٤	عدد	١٩
• (١٩٥٩ / ١ / ٢٩)	٢٦٣٤٥	عدد	٢٠
• (١٩٥٩ / ٢ / ٧)	٢٦٣٥٤	عدد	٢١
• (١٩٥٩ / ٢ / ١٤)	٢٦٣٦١	عدد	٢٢
• (١٩٥٩ / ٢ / ١٧)	٢٦٣٦٤	عدد	٢٣
• (١٩٥٩ / ٢ / ١٩)	٢٦٣٦٦	عدد	٢٤
• (١٩٥٩ / ٢ / ٢٨)	٢٦٣٧٥	عدد	٢٥
• (١٩٥٩ / ٣ / ١٧)	٢٦٣٩٢	عدد	٢٦
• (١٩٥٩ / ٣ / ٢٤)	٢٦٣٩٩	عدد	٢٧
• (١٩٥٩ / ٤ / ٨)	٢٦٤١٤	عدد	٢٨
• (شباط ١٩٥٨)	٧٧	الاهرام الاقتصادية، عدد	٢٩
• (١٥ كانون الثاني ١٩٥٩)	٨٢	عدد	٣٠
• (شباط ١٩٥٩)	٨٣	عدد	٣١
• (١٥ شباط ١٩٥٩)	٨٤	عدد	٣٢
• (١٥ نيسان ١٩٥٩)	٨٨	عدد	٣٣

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