

INSTITUTE OF CURRENT WORLD AFFAIRS

KWC-7

c/o American Express
15 Sharia Kasr El Nil
Cairo, Egypt
6 August 1983

Berat: The Economy

Mr. Peter Bird Martin
Institute of Current World Affairs
Hanover House
4 West Wheelock St.
Hanover, N.H. 03755

Dear Peter;

The following are my very generalized comments about the Berat economy intended to explore the questions rather than to answer them.

* * *

Berat, a village of about 10,000 inhabitants, is located on the west bank of the Nile across from the city of Luxor. It is an agricultural area with sugar cane the main cash crop. Tourism also plays an important role in the economy because many temples and tombs from the Pharaonic city of Thebes are located nearby.

Sugar cane is a crop that grows to best advantage in a rich, moist soil under sunny skies in a tropical climate. It needs uniform high temperatures, strong sunlight, and plenty of water.

These conditions are admirably met in Upper Egypt, where temperatures reach as high as 115 degrees F in the summer, but do not go much lower than 45 degrees F in the winter. The skies are always clear and water abundant. All of Egypt's sugar cane grows in the strip of the Nile Valley extending roughly from El Minya to Aswan.

Sugar cane has been grown in Egypt since the 19th century. But its greatest period of expansion came after the completion of the Aswan High Dam in the mid-1960s. The dam brought perennial irrigation to areas that heretofore had depended on the annual Nile flood. Berat farmers, for example, did not grow any cane until after 1967, the year of the last Nile flood.*

* According to the journalist Richard Critchfield, who studied Berat in the late 1970s (Shahhat: An Egyptian. New York: Avon Books, 1978), agriculture before the High Dam followed this pattern: the farmers planted wheat, barley, lentils, and maize in November, after the August flood had soaked the ground, for an April harvest. One of my informants, a farmer, added foul (broadbeans) and berseem (Egyptian clover) to that list. Critchfield said summer was "a time of rest," but my informant said the farmers planted and harvested a crop of gheddi (millet, I think) during this time. The High Dam not only allowed the farmers to grow sugar cane, giving them a cash crop, but it also allowed them to grow their subsistence crops year-round. The Berat diet has improved immensely because of that.

Kenneth Cline is a Village Reporting Fellow of the Institute studying Egyptian peasant life.

In 1950, Egypt had only 83,000 feddans* planted in sugar cane. This had risen to 129,000 feddans by 1965 and increased about 4,000 feddans a year to 137,000 in 1967. But the amount increased by 19,000 feddans in 1968, 14,000 in 1969, and 16,000 in 1970. By 1976, Egypt had 242,000 feddans devoted to the cultivation of sugar cane.

Unfortunately, Egypt's population increases so rapidly that the country is a net importer of sugar, although yields are among the highest in the world.

Sugar cane is very popular with Berat farmers. "They not get tired, like with other crops," a university-educated informant told me. "It's not hard work -- only put kima (chemical fertilizer) twice."

Sugar certainly does not require the constant weeding and watering lavished on vegetables. The cane only needs the two kima applications and four waterings in its 11-month growing cycle.

After the cane is cut, the stalks, or ratoons, begin to grow back, allowing the farmer to harvest again. He can usually get three consecutive harvests out of one planting. After the third year, the farmer will switch over to another crop.

Another reason the farmers like sugar cane is that it put more cash in their pockets than they ever had before. It spurred the purchase of motor-driven water pumps to replace the traditional sagia (cow-driven waterwheel) and shaduf (man-operated well sweep). The result was more money for less work.

But sugar per se does not seem to have made anybody rich. There are some wealthy farmers in Berat, but they inherited their wealth, long before the advent of sugar cane.

The village's richest farmer is reputed to own about 350 feddans. Nobody knows for sure because he has to evade Egypt's land reform law by registering the bulk of his property under the names of his relatives.** This man has done well with sugar cane, but the family fortune was established by his father.

The village's second richest farmer, reputed to own 300 feddans, is the omda, or headman. His wealth is satisfactorily explained by his official position. The omdas do not have the power they once had, but are still very influential in Egyptian villages. They moderate disputes and provide a link between the villagers and other levels of government. This particular omda

* There are 24 kirots in a feddan. One feddan equals 1.038 acres.

** The first land reform law, in 1952, set a limit of 200 feddans per person, with 100 feddans extra allowed for dependent children, provided the total did not exceed 300 feddans. The limit for a single owner was lowered to 100 feddans in 1961. This was reduced still further to 50 feddans in 1969, with 100 more allowed for members of the immediate family. Apparently, the Egyptian extended family provides an escape hatch. This ability to evade the law seems to hold true for much Egyptian legislation. The foreign exchange controls are another example.

inherited his position from his father, who was Berat omda before him.*

The other Muslim men regarded as "rich" by their fellow villagers made their money selling Pharaonic antiques, an illegal occupation but very common in the Luxor area. Once they had made their fortune, they invested it in land or commercial activities.

Among Berat's small Christian population (250 total), the wealthiest family is headed by a priest and the second wealthiest family had priestly ancestors. Not only do priests enjoy immense prestige in Egyptian Coptic communities, but they also have economic clout. "All priests are rich," a member of one of the two families told me.

* * *

Ibrahim (a pseudonym) owns six feddans in Berat, which makes him better off than most landowning Egyptian peasants. The average size landholding in the country is two feddans.**

Because of this relative prosperity, and because he learned some passable English while working at one of the Pharaonic temples, Ibrahim could not be considered a typical Berat villager. But his experiences growing sugar cane are similar to those of other villagers.

Sugar cane is Ibrahim's major cash crop and his main source of income. This year, he has planted 2½ feddans in cane. The rest of his land is being used for growing wheat (1 feddan), corn (1 feddan), berseem (1 feddan), tomatoes (½ feddan), and sesame seeds (about 5 kirots). Some of these other crops will be sold, bringing in an extra LE 30,*** but most will be used for family consumption.

Each of Ibrahim's feddans produces about 20 metric tons of cane. This is a rather low yield. The government claims that the average production per feddan in Qena Governorate, of

* This seems to be a common feature of the omda system, according to Hamed Ammar (Growing Up In An Egyptian Village. London: Routledge & Kegan Paul Ltd., 1966), who studied the village of Silwa, 80 kilometers north of Aswan. "After the death of an omda, his sons are usually considered for succession; in fact, the omda's sons, even during his lifetime, are addressed as omdas."

** According to a joint United States Agency for International Development (USAID) and Egyptian Ministry of Agriculture study (Egypt: Major Constraints to Increasing Agricultural Productivity. Washington: US Department of Agriculture, 1976), 50 percent of Egypt's population (now 45 million) lives in rural areas. Ninety-four percent of the three million rural landowners have less than five feddans each. About one million farmers and their families have no land at all.

*** There are 100 piasters in an Egyptian pound. The US dollar is worth 81 piasters at the official exchange rate, but brings about LE 1.10 on the black market.

which Luxor-Berat is a part, is 37.5 tons, compared with 34.7 tons in Aswan Governorate farther south.*

Ibrahim's problem is that his land, for the most part, is located near the western desert. This land is not as fertile as that closer to the Nile.** Also, his parcels include about 16 kirots of useless salty ground.

After Ibrahim harvests his cane in October, he will sell 10 tons to local farmers, who will use the cuttings for planting new cane. The other 40 tons will be loaded into railroad freight cars and dispatched to the government refinery at Armant, 15 kilometers away.

Ibrahim does not bargain with the refinery about prices. Like all Egyptian cane growers, he must take the government price, currently LE 17 per ton. This will give him LE 680 for the cane.

But then the government starts deducting. They take LE 200 for fertilizer credit, LE 150 for credit used to hire men to help him with the harvest, LE 30 for land tax, and LE 20 for use of the government's train. That leaves Ibrahim with LE 280.

Next, he takes out his own deductions. He has to spend LE 25 to hire a camel to take his sugar to the freight cars, another LE 25 for men to help load it, and LE 25 for water pump expenses.

Ibrahim is then left with LE 215. To supplement this, he works two months out of the year, six hours a day, as a clean-up man at a Pharannic temple, for which he is paid LE 50 a month. With the LE 30 in cash from his other crops, this gives him LE 345 to spend this year.***

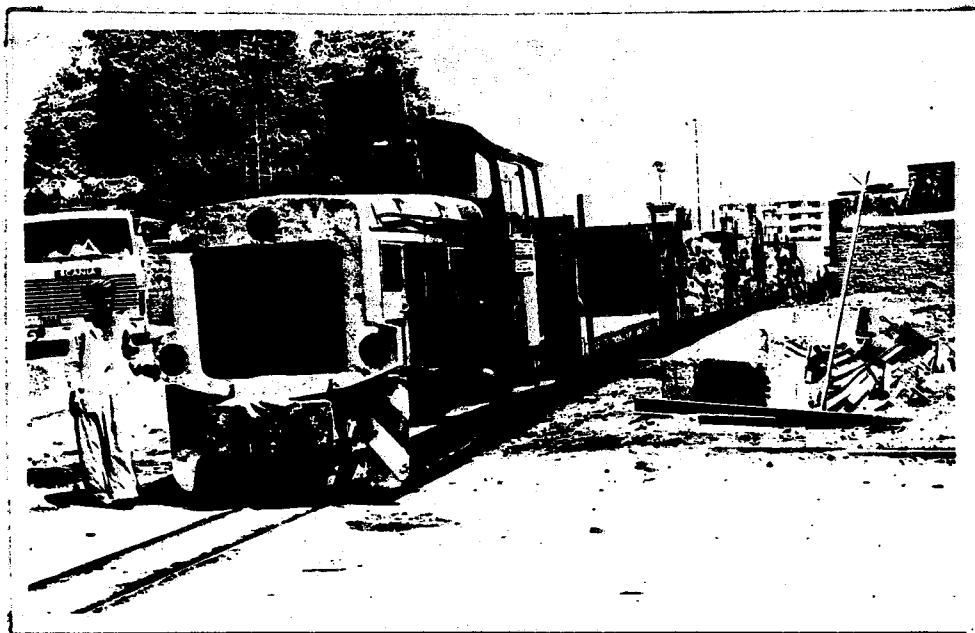
It doesn't sound like much. But Ibrahim is still better off than most. The average Egyptian rural landowning family only makes about LE 210 a year, according to a USAID/Egyptian Ministry of Agriculture study (1976).

Given current willage food prices, it is difficult for Ibrahim to support his wife and 12-month old son on this

* According to the World Bank (Cuddihy, William. Agricultural Price Management in Egypt. Washington: World Bank Staff Working Paper No. 288, 1980), sugar cane yields during 1965-76 dropped from an average 40 tons a feddan to 35 tons because of ratoon-stunting disease aggravated by chronic drainage problems. The report attributed much of the drainage problems, as well as increased salinity in the soil, to a rise in the water table caused by the High Dam. Ibrahim has seen salt materialize in parts of his land during the past 10 years.

** Land prices illustrate the difference. According to one village informant, agricultural land near the desert is worth about LE 600 per feddan. But near the river, it might cost LE 1,000 per feddan.

*** This is a very generalized estimate based on Ibrahim's current feddan allocations. His income actually varies greatly from year to year depending on how much cane he grows.



Train loaded with bags of refined sugar leaving the refinery at Armant. The engine was made in Romania.

income. In the village markets, chickens cost LE 2.50 each; mutton, LE 4 a kilo; tomatoes, .35 a kilo; potatoes, .50 a kilo; and rice, .25 a kilo. Add to that necessary expenses for clothes, soap, kerosene, and the like, and LE 345 doesn't go very far.

But villagers have ways of supplementing their cash income. Ibrahim grows some crops for home consumption and his wife raises chickens and geese.

Other family ties also come into play. Ibrahim's mother, who lives right next door with her three younger sons, owns a gamoosa (water buffalo), two cows, about 12 sheep and goats, and numerous chickens and ducks. Ibrahim has a deal going with her whereby he grows berseem for her animals on one of his feddans and she supplies his family with rich gamoosa cheese, a major village staple.*

The relationship between Ibrahim and his mother is often acrimonious, particularly over money matters. Nevertheless,

* According to Henry Habib Ayrout (The Egyptian Peasant. Boston: Beacon Press, 1963), the gamoosa can, on average, produce about 3,000 lbs. of milk a year. This milk is usually richer than cow's milk, containing about 10 percent fat, as against 3.5 percent in cow's milk. Personally, I like the cheese made from gamoosa milk. You really have to, if you want to spend any time in an Egyptian village.



Camels are useful for carrying heavy loads, including harvested sugar cane. This one is shown leaving the hamlet of El Kom.

sharing between them goes on all the time. The mother and younger sons often have meals at Ibrahim's house and his family will return the visits. Ibrahim's wife, who gets along with his mother surprisingly well, often prepares meals with her. Ibrahim contributes to some expenses involving his brothers.

It is impossible to figure out what this relationship is worth in additional income to Ibrahim. The upshot is that he, his wife, and child, are all healthy and reasonably well-fed, by Egyptian standards.

From a westerner's point of view, the village diet can be awfully monotonous. The three b's — beans, bread, and bamia (okra) — tend to turn up at almost every meal. Ibrahim's wife uses spices sparingly, if at all. There is no refrigeration, so butter or cream is unknown.*

Meat is the greatest luxury and is saved for the end of the meal, to be carefully parcelled out by the head of the household. When Ibrahim does have some cash, his family might eat meat four times a month.

Ibrahim's small two-room house with its mud walls and dirt floors is unimpressive. But by village standards, he lives quite comfortably. He has a black and white television set, a ceiling fan in the living room, a four-poster bed (used by the wife; Ibrahim sleeps on a mat on the floor), a chest of drawers, a small table to put the TV on, and one lone kursi (chair)

* So many things we take for granted are unknown in the village. Ibrahim's wife had never seen a can opener until I bought her one. She opened cans, usually of tomato paste, for use on a bean dish, by cutting open the top lid with a knife. I had to show her how to use the hand-held mechanical opener.

Some day, Ibrahim hopes to buy an LE 100 refrigerator because it is "good for the house." But that kind of expense is beyond his reach right now.

Ibrahim told me his main financial worry has to do with unexpected expenses, particularly sickness. In June, he had to shell out LE 50 for medication and several doctor house calls to cure his own urinary infection, a problem his wife was having in her left breast (her milk was coagulating when she nursed), and his infant son's neck rash and upset tummy -- all at once.

"When I'm sick, I'm angry about the money going away," he told me. "I don't like to ask a man for LE 10. I don't like that. I can eat bread, tomatoes, and salt, OK, no problem. But when I'm sick, wife is sick, baby is sick -- big problem."

* * *

Because Berat's farmers depend so much on the sugar cane crop, it would be interesting to know whether they are getting a fair return from the government for their cane. * They clearly did not in the early 1970s.

The international selling price for a ton of raw sugar remained steady from 1965 to 1968. Then, in 1971, it began rising sharply to reach a peak of LE 537 per ton in 1974. By contrast, the 1965 price had been LE 35 a ton.

From 1965-71, Egyptian cane growers received a steady farmgate price of LE 2.9 per ton of cane. According to the World Bank, "the payments to farmers by the state were calculated to cover costs of production to enable domestic production to continue without incomes to growers falling." Thus, "cane growers' incomes were being maintained well above what they would have in the absence of intervention."

But after 1970, "as world prices climbed above the cost of milling and growing, the stable farm gate price ensured that the implicit protection turned into implicit taxation. By 1974, when world prices peaked, farmers received 7 percent

* Like many Third World countries, Egypt subsidizes its urban population at the expense of its farmers. The Egyptian government controls the price received by the farmers for all major commodities, such as cotton, sugar, corn, wheat, and rice. There are different ways of doing this. Sugar is controlled through contractual arrangements between the refinery and grower. For rice, there is a mandatory procurement price for the first 1½ tons per feddan.

A United States Agency for International Development (USAID) economist I spoke with (I agreed not to use his name) labelled this policy a "price depression system," in contrast to American price support programs. He said its effect is to "reduce farm income by maybe 30 percent" in Egypt.

But any increase in farm prices would produce "a shift in the distribution of income in favor of the rural sector as against the urban sector," he said. "The government feels, 'we have screwed the farmers for so long and they're still able to tolerate the situation, why should we disrupt it?'"

The government must remember what happened in January 1977 when Sadat tried to raise bread prices. After rioting in the streets of Cairo killed 80 people, the order was rescinded, although the size of the loaves was reduced.

of the value of their cane priced at the border less milling and transport costs."

But in 1976, the border price for sugar fell to LE 216 per ton, even as the farmgate price continued its rise to LE 9.7 per ton of cane. "The implicit tax rate fell to 53 percent by 1976," the report said.

What happened to sugar happened to other major commodities, such as coffee, soya beans, maize, and cocoa. According to the August issue of South magazine, most of these products have not yet recovered their 1975 purchasing power. The purchasing power of sugar, as measured by the volume of debt service payments one ton can cover in US dollars, is now about one-third what it was in 1975.

But the Egyptian government has continued to give the cane farmers about LE 2 more per ton each year. Of course, the Egyptian inflation rate is about 20 percent a year, according to the World Bank report.

For better or worse, the Egyptian government takes a bureaucratic rather than entrepreneurial approach to its sugar cane industry.

However much they are getting squeezed, the cane growers I talked to were blissfully unaware of it. Ibrahim certainly had no idea what the world price for sugar was.

If I pressed him, Ibrahim would admit that the price he got from the government was "not good." But there was nothing behind this answer other than a vague dissatisfaction.

My university-educated informant agreed with me that, in theory, a private refinery might provide a better price. But he added that the government provides a railroad to transport the cane, as well as credit for fertilizer.

He's got a point there. After describing how Egypt's agricultural pricing system taxes the small and medium farmers, one economist added that "an important offsetting factor" was "public investment in irrigation, drainage, and flood control, and making available fertilizer, pesticides and tractor rentals at low prices and on favorable credit terms."*

Ibrahim benefits greatly in his irrigation efforts from the government-built and managed Ramses Canal, which begins in Aswan and runs through Berat. All the water Ibrahim uses on his fields is taken, via cooperatively-owned motor pump, from this canal.

* * *

I have no statistics to back me up, but it is my general impression that the majority of Berat's farmers do not

* Abdel-Fadil, Mahmoud. Development, Income Distribution and Social Change in Rural Egypt, 1952-1970. London: Cambridge University Press, 1975.



Housebuilding activities provide a secondary source of income for many village men.

depend on agricultural income alone, but must work several other odd jobs to make ends meet.

To put it another way, I never met a farmer who relied entirely on farming.

Ibrahim is one example. His job at the temple, although of only two months' duration, provides him with almost a third of his annual income. He told me there were about 1,000 men employed at the various west bank monument sites in full or part time work.

Another farmer I interviewed, I'll call him Sayid, has two feddans, all devoted to cane this year. He said his total yield would be 35 tons, therefore his feddan yield is lower than Ibrahim's. At LE 17 per ton, that would give him LE 595 gross. Since he estimated his expenses for growing and harvesting the cane at LE 300, that leaves LE 295 net.

Sayid estimated his average yearly income at between LE 900 and LE 1,000. Assuming he is counting his sugar cane gross rather than net, that means a third of his income derives from non-farm sources. For Sayid, these include building houses and raising small animals, such as sheep and chickens.

The father of my university student informant owns five feddans. His second job is to ride around the village on his donkey collecting eggs from the women in exchange for shampoo, scarves, kitchen utensils and other small items. He then sells the eggs in Luxor.

One of Egypt's greatest problems right now is the relentless migration of rural folk to Cairo. The impact of this is certainly obvious in Cairo, where galabiyah-clad men and women draped in black surge densely through the poorer neighborhoods.



These men are garag'gri, or gleaners, probably near the bottom of Berat's economic ladder. They use their winnowing baskets to sort out grain from the chaff left after harvesting. They keep half; the farmer keeps half.

But if you want to study the phenomenon at the village end, Berat is the wrong place.

I occasionally heard about young men going to Cairo to try to improve their lot. But I never had the sense that was a popular thing to do. I met only one young man who tried it. Discovering that his expenses came perilously close to his income, he came home after five months.

Under normal circumstances, this fellow could have stayed in Berat. His grandfather owns one of the three west bank tourist inns. The two had worked together in the past, but then had a falling out.

I suspect the Luxor tourist industry plays a major role in keeping the young men at home.

If you add up all the men who sell alabaster figurines, soft drinks, jewelry and other handicraft items at the monument sites, who drive taxis or operate felluca (Nile sailboat) rides, who work in Luxor hotels or as guides for tourist agencies, you might find that tourist trade income seeps into a majority of households.

Even the women, usually stay-at-homes, get into the act by embroidering aymas (headwraps worn by rural Egyptian men) for sale to the tourists. The women make LE 1 for their work on each cloth. The man who sells them makes a LE 1 profit.

Landless villagers particularly tend to depend on the tourist trade.

The wealthiest Muslim family in the hamlet of Ezbat Basili consists of five brothers, all of whom work with tourists. One drives a tour bus, one peddles aymas at one of the temples, and the others have full-time jobs as temple

guardians. This family owns the only two refrigerators in Ezbat Basili. One of the brothers also owns the only washing machine I have seen in Berat.

The family got started on the road to prosperity when the landless father arrived in Berat from another village. He got a guardian job at one of the temples. In the time-honored style of Egyptian nepotism, his sons soon followed (Ibrahim has complained to me about how certain families get the full-time guardian jobs). The family now owns a little land, too.

A taxi driver friend of mine comes from another landless family. His father was a road crew foreman, now retired. All six boys in the family work with tourists, usually as guides.

My friend got his start in the taxi business by taking tourists for donkey rides. He saved up enough money from that enterprise to join with a partner in buying a taxi, which he then drove. This year, he was able to buy out his partner.

It has been my experience that if I walk into any village home and find tile floors, comfortable furniture, and modern electrical conveniences therein, 10 to one there is tourist money behind it.*

* * *

While walking through the village one afternoon with Ibrahim, I noticed a field covered with standing water. I commented to Ibrahim that this particular farmer may have been overenthusiastic in his irrigation.

Ibrahim said no, the water was there to show the farmer (the wealthiest in the village) where his land was uneven. Parts of the field did rise out of the water. Ibrahim said the earth would be moved from these areas to the lower sections. This would facilitate irrigation after the planting.

I said something about so-and-so being a clever farmer. "It's not X who do that — it's the money," Ibrahim snapped. "I a good farmer too, but I don't have any money."

This is something that really galls Ibrahim. He has great pride in his farming skills, but he resents the rich

* There are always exceptions. There is a Christian family in Berat that became wealthy because of a tractor, although interestingly enough, tourism played a role there too. The father of this family had been quite poor, owning only 2½ feddans. About 10 years ago, the son went to work as a cook in a Luxor hotel. He saved up his money and, with a cousin, invested LE 7,000 in a Romanian tractor. It was a lucrative investment. There are about 12 tractors available for hire in the Berat area and they are much in demand for farming and for hauling building stone from the western mountains. The family has now built itself a new house and bought a television set.

men who are able to do a better job than he can.

"Some poor men have nothing, they just work with these men," he said, referring to the laborers who earn LE 2.50 for 4½ hours work in the field. "If they get sick, they have to stay in the house all day and then have no money."

Ibrahim suggested that President Mubarak should force the rich farmers to give each of these laborers one or two feddans. "Twenty feddans is enough for them," he said.

There is an irony in Ibrahim's complaint. He just missed being a rich man himself.

Ibrahim's grandmother on his mother's side had married the village omda. The couple owned 1,000 feddans. According to Ibrahim, another family member resented his grandmother and killed her. The omda remarried twice after that, eventually producing 11 children.

Only 20 feddans remained after the omda died, the rest having been sold off. After the 20 feddans were distributed among the children, Ibrahim's mother was left with only half a feddan.

Also ironic is the fact that Ibrahim's mother is a sister to the wife of farmer X. Ibrahim is on good personal terms with this man, who occasionally provides his family with surplus crops, such as mologia (a spinach-like vegetable)

But resentment remains. Ibrahim has repeatedly told me that Nasser was a "good man" because he gave land to the poor.

This happened in Berat where there was an estate of 1,000 feddans known as Sombat. After the 1952 Revolution, hundreds of men received two feddans each under the redistribution.

Ibrahim is an ambitious man whose greatest concern is to make his family prosperous. He often tells me about his schemes for making more money, such as building a brick factory or opening a hotel.

But his deepest feelings are for the land.

"There are some bad children in the village who sell their ground when their father dies," he said. "Then they have good eat, have clean galabiyah. But when the money gone, they not find bread to eat."

"But me, when father first dead (four years ago), I take the ground," he said proudly.

"I love the farmer life. I like to work with sugar and the field. I know the life, the field. I know what I can make from the ground."

Sincerely,

Kenneth Clive