

# The Agrarian Reform in Egypt

by

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*Land reform measures are of great interest to the International Labour Organisation because of their effects on the living and working conditions of agricultural workers. As was pointed out by the Fifth Conference of American States Members of the I.L.O. in 1952, land reform is a means of providing security of employment, of checking rural exodus, of increasing productivity and real incomes and of raising rural living standards. When, therefore, the question of land reform was brought before all the international organisations concerned by the Economic and Social Council of the United Nations in 1951, the I.L.O. indicated its desire to collaborate with the United Nations, the Food and Agriculture Organisation and other specialised agencies in working out a programme of international action for the solution of problems of land reform and has participated in a working group on land reform which includes representatives of the United Nations, the F.A.O. and U.N.E.S.C.O. One form of I.L.O. activity, the importance of which was stressed in a resolution of the Permanent Agricultural Committee at its Fourth Session (1953), has been the collection of information on national legislation concerning agrarian reform and its effects on economic and social conditions in the countries concerned.*

*An article on land reforms in India has already appeared in the Review.<sup>1</sup> Land tenure problems are also very important in the Middle East, and the recent Egyptian legislation described in the following article constitutes a milestone in agrarian legislation in that region.*

*The views expressed in this article are those of the author, who is chairman of the committee responsible for carrying out the reform.*

EGYPT is considered one of the most overpopulated countries in the world. With an area of nearly 6 million acres of arable land, it has a population of about 22 million, of whom more than 75 per cent. depend for their living on agriculture.

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<sup>1</sup> See M. L. DANTWALA: "Land Reforms in India", in *International Labour Review*, Vol. LXVI, Nos. 5-6, Nov.-Dec. 1952.

In spite of this dependence on agriculture, land ownership in Egypt suffered until recently from grievous drawbacks, the most serious of which was the possession by a few persons of vast areas of land. Government statistics show that 2,115 landowners possessed 1,208,493 acres, i.e., a quarter of the cultivated land, while 2,568,816 smallholders possessed 2,091,486 acres, at an average of four-fifths of an acre each.

#### BACKGROUND

This serious situation had come about as follows. A century and a half ago the Egyptian ruler Mohammed Ali expropriated all the cultivated land and distributed about a quarter of it among his relatives and followers. In some cases forced labour was the only contract between the landowner and the workers. A quarter of a century later the peasants were obliged, under the pressure of such forced labour, to leave the land, but soon low production and a fall in the income of the State compelled a successor of Mohammed Ali to allow land ownership to the peasants, though the amount of land given them was small in comparison with what had been bestowed upon relatives and followers. The increase in the area of land under cultivation during the last half-century corresponds to no more than 25 per cent. of the present cultivated area, while the increase of population during the same period was 110 per cent.

The two world wars saw the rise of a new class of upstarts who accumulated large fortunes. Landowners also grew wealthy through the high prices they received for their crops. Neither of these groups was prepared, however, to risk its newly accumulated fortunes either in the reclamation of uncultivated lands or in investment in industry or trade. They preferred to follow the easiest way of investment, i.e., to buy more land. The natural outcome of this incessant demand on land was an increase in land prices. Eventually the landowners, in their efforts to get from the land an income appropriate to the price they had paid, raised the rental value, thus causing a fall in the standard of living of the tenants, and at the same time lowered the wages of labourers in order to reduce the cost of production for their own benefit. The result was the further impoverishment of the farmers and an increase in the wealth of the big landowners.

In the face of this situation it appeared imperative to take decisive measures to protect the country against the evils that were having such a vicious effect on social and economic life.

With the action of the army on 23 July 1952 the gates to reform were thrown open. The big landlords lost their authority, and on 9 September 1952 a law for agrarian reform was promulgated,

which was hailed with enthusiasm everywhere and attracted attention in many countries outside Egypt. It took only a month and a half to prepare this law, give it legal form and discuss the possibilities of its enforcement—a clear indication that agrarian reform was a major issue in the army's reform plans.

There are four stages in the execution of the law : (1) the expropriation of areas in excess of 200 feddans<sup>1</sup>, the maximum that may be retained by the owner for himself ; (2) the management of the expropriated land during the period between expropriation and distribution ; (3) the distribution of this land among small farmers ; (4) the formation of agricultural co-operative societies to supervise the work of the new holders.

#### METHODS OF EXPROPRIATION

Under Chapter I of the Agrarian Reform Law no person can own more than 200 feddans. In the interests of owners with large families the owner is permitted to transfer the ownership of 50 feddans of his land to each of his sons provided that the total transferred to his children does not exceed 100 feddans.

Five years are allotted to the operation of expropriation. During the first year (starting November 1952) the law was applied to the large landholdings (most of which were in the hands of the former royal family). About 200,000 feddans were requisitioned by the High Committee for Agrarian Reform established under article 12 of the law to supervise the operations of expropriation and distribution.

Strict rules are laid down for the payment of appropriate indemnities for the land expropriated. Under article 5 the owner of such land is entitled to an indemnity equivalent to ten times the rental value, plus the value of any buildings, installations and trees. To avoid any difficulty in assessing the rental value of such land, it is assessed at seven times the basic tax.

Article 6 of the law prescribes that the indemnity is to be paid in the form of registered government bonds, bearing interest at 3 per cent. and redeemable in 30 years, which may be used in payment of certain government taxes such as succession duties and the supplementary land tax.

The law makes provision for exemption from expropriation in the cases of (a) fallow or desert land under improvement owned by individuals (exemption for a period of 25 years from the date of acquisition of the land) ; (b) companies and societies owning more than 200 feddans of land under improvement for sale ; and

<sup>1</sup> One Egyptian feddan = 1.038 acres.

(c) industrial companies in existence before the promulgation of this law that own more than 200 feddans of agricultural land for industrial exploitation.

The above exceptions have been made in order to encourage the reclamation of fallow and desert land and the investment of capital in industrial and agricultural enterprises.

Benevolent societies owning more than 200 feddans for social welfare purposes are also exempt.

#### MANAGEMENT OF THE EXPROPRIATED LAND

The High Committee for Agrarian Reform supervises the management of the land expropriated so as to ensure the maintenance of agricultural production during the transitional period pending distribution among smallholders.

For this purpose it has divided the land of the Egyptian Republic into 22 sectors—14 within the Nile Delta and eight in Upper Egypt along the two banks of the Nile from the south of Cairo to Aswan—and appointed for every division a representative well versed in the management of farms and estates, who is assisted by a group of experienced employees chosen from among efficient ex-officials of the requisitioned estates.

In the management of these lands the agricultural machines and installations necessary for the increase of production during the transitional period, and perhaps after distribution, are to be requisitioned. The owners will receive indemnities assessed by experts and technicians chosen by the Committee.

The members of the Committee feel it incumbent upon them to examine every complaint made by any landowner concerning the application of the agrarian reform. It is their duty to see that all the parties concerned are equally treated and that causes of legitimate complaint are removed.

The Committee has decided to lease the land during the transitional period to farmers who satisfy certain conditions prescribed by the law. The rent of such land may not exceed seven times the amount of the basic tax at which it is assessed.

#### THE POLICY OF LAND DISTRIBUTION

The method followed in redistributing the land will determine to a large extent the quality of production. The success of distribution is in fact vital to the success of the whole project of reform. To develop agriculture and at the same time enable the peasant to benefit by distribution, there must be planning of production, guidance for the farmer and a policy concerning any loans advanced to him.

Article 9 of the law prescribes the persons among whom the land may be distributed. Such persons must be farmers owning less than 5 feddans of agricultural land who are of Egyptian nationality and of age, and who have not been convicted of any dishonourable crime. Priority is to be given first to the person who actually farms the land, whether tenant or owner; thereafter to the inhabitants of the village who have the largest families, then to the less wealthy inhabitants and lastly to persons who do not live in the village. In distributing the land the High Committee have taken into consideration the regulation of crop rotation in order to ensure the increase of production and the application of the Order respecting agricultural co-operative societies.

To ensure care in the choice of the peasants to whom the land will be distributed, the Committee entrusted to social workers belonging to the Ministry of Social Affairs the investigations necessary in drawing up a list of the peasants who satisfy the conditions laid down by the law. The importance of such investigations may be gauged from the following example of the data compiled before the distribution of the lands of a large estate cultivated by 715 tenants.

The purpose of the investigation, which began on 26 January 1953, was to give each tenant a certain area of land on 1 November 1953 provided that the income from the newly acquired land exceeded his previous income from the land as a tenant.

It was found that the average size of the family of the tenants was seven persons. The land to be distributed among them was estimated at 5,012 feddans. The share of a family of eight persons was calculated to be 7 feddans and that of each individual 21 kirats.<sup>1</sup> It was established that the income of the persons concerned would be greater after the distribution.

An investigation of the production of the land in this estate during the last two years (1951-53) and the income derived by tenants showed that the average annual income from each feddan before paying the rent or the instalment was E£38.

The yearly instalment (calculated on the basis of total repayment in 30 years) is E£9.930. To this must be added the basic tax (E£2.150) and the expense of irrigation (E£2), so that the farmer's obligations total approximately E£14.080 per annum. The net income of the new owner in normal circumstances will therefore be  $E£38 - E£14 = E£24$ .

In the year 1951-52 the average rent paid by the tenant was E£25 and in the year 1952-53 E£17. The average for the last two years was therefore E£21, giving an annual income of E£17 per

<sup>1</sup> One feddan = 24 kirats.

feddan. Thus the farmer's income has been increased by 70 per cent.

The new law aims at giving ownership to the largest possible number of peasants and at raising their standards of living. To achieve these aims fully it was thought more appropriate to give each farmer a share less than the standard, i.e., to give him 14 kirats in place of 21, so as to keep in hand a parcel of land to be distributed to others. The new owner will still have a reasonable profit, which will help to raise his standard of living.

On examining the cost-of-living problem of the different families living in the estate it became evident that (1) the cost had been somewhat exaggerated—had been estimated, in fact, according to what it ought to be; (2) the cost exceeded the income obtained from the rent of the land (this was accounted for by the fact that the farmer had supplementary sources of income—labour for the big tenants, profits from the sale of poultry and cattle, trade or property). Since the supplementary sources of income will be affected by the disappearance of the system of big tenures it was thought advisable to keep this problem in mind when distributing the land and to devise some method of compensation.

A test was also conducted to examine the nutritive value of the farmer's food. Doctors and nutrition experts after a minute research found that the food taken has a sufficient nutritive value. It contains sufficient proteins, vitamins, fats, carbohydrates, etc., to build up the body and enable the farmer to perform his usual work efficiently. This means that the income proposed for him is sufficient to keep him fully productive.

Other research showed that the share of the individual in the cost of living of a family of six is less than the share of the same individual in a family of five or four people. The average cost of living of a family of eight persons was calculated to be E£128 and that of a family of four E£76 yearly, that is, the cost of living of the smaller family is 60 per cent. of that of a family twice as large. The average cost of a family of two was found to be E£45 yearly, i.e., 35 per cent. of that of a family of eight. The conclusion is that the share of the individual changes according to the number of members in the family he lives in and that the share is lowered when the number of members increases.

A calculation of the cost of living of different families with varying numbers showed that the cost of a family of seven (the average family in rural areas) is E£116 per annum. This cost may rise or fall according to the natural growth of the family. A family that includes married couples and children may or may not exceed the limit estimated for the standard family. So it seems unjust to base the distribution on the size of the families irrespective of

age, since this assumes equality among unequals. To meet this difficulty a thorough investigation was made into the relation between cost and age, and it was found that the rate differs according to age. If a full-grown individual is taken as a standard unit the other ages can be classified relatively as follows :

Less than 5 years . . . . .	a quarter of a unit
5 to 13 years . . . . .	two-thirds of a unit
13 to 21 years . . . . .	three-quarters of a unit
Full grown. . . . .	one unit
Full grown and married . .	one unit and a quarter

If we apply this table to the family whose cost of living is E£116 a year and calculate it in units, we find there are 7 units. Calculating the families of the estate accordingly, the census has shown 4,897 units. This indicates that the share of the standard unit should be more than the share of the individual in the land distributed. Since the individual share as previously mentioned is 14 kirats, the unit share should be on the average 16 kirats. It was calculated thus:  $14 \times 5,614 \div 4,897 = 16$  kirats. The land distributed should therefore be not less than 3,275 feddans.

Since the income of 5 feddans under normal conditions is nearly E£120 a year and the cost of living of a family of eight individuals is E£128 per annum, a family of eight should be the maximum limit for the distribution of 5 feddans. It can just live on the income of these 5 feddans, supplemented by some other help from outside. Families exceeding that number should be divided into subdivisions, so that they receive an adequate share of land compatible with their actual cost of living. Families in the estate containing more than 8 standard units were accordingly subdivided, but it was noticed that if these subdivisions were given the same areas as the original groups the subdivided family would receive more than their fair share. For example, a family with 11 individuals would, under the original plan, have a total of 7 feddans ; but if the family is subdivided into three groups of 4, 4 and 3 units, it will receive a share of  $3\frac{1}{4}$ ,  $3\frac{1}{4}$ , and  $2\frac{3}{4}$  feddans respectively—a total share of  $9\frac{1}{4}$  feddans. To solve this problem it was thought advisable to give the new formations a slightly smaller share. The reduction was calculated at half a feddan each. This has bridged the gulf and enabled the distribution to run smoothly.

Lists were drawn up of the tenants, showing the size of their families and the number of standard units, and the families were classified according to the number of units. The land was then distributed among them as follows :

Original families		"Auxiliary" families	
No. of units	No. of feddans	No. of units	No. of feddans
1-2	2	1-3	2
3	2.75	4	2.75
4	3.25	5	3.25
5	3.75	6	3.75
6	4.25	7	4.25
7	4.75	8	4.75
8	5	9	5

The application of this method has made it possible to give land to a number of farmers exceeding the number of the actual tenants in the estate. It has proved to be more beneficial to the farmer—it has raised his standard of living and increased his income by nearly 50 per cent. This increase is in fact due to the technical guidance offered to the new society under the supervision and direction of the co-operative societies and with the help of specialists.

The first returns of the new era are very promising. After the promulgation of the reform law the first harvest—wheat—showed an increase of 20 per cent. over the previous year's harvest. This has dispelled all anxieties concerning a decrease in production as a result of the law. The success is due to the goodwill and solidarity of the peasants, who have toiled hard under the direction of specialists to make the best of the opportunity offered to them. They have willingly co-operated because they feel that the gains are theirs and the land belongs to them and to their children, though they work under the temporary direction of the High Committee for Agrarian Reform, which works in their interests and for their common good.

#### CO-OPERATIVE SOCIETIES

Article 18 of the reform law prescribes that an agricultural co-operative society shall be formed by the persons who acquire the land requisitioned in any village and who do not own more than 5 feddans in the village.

Article 19 summarises as follows the tasks to be performed by such societies :

(a) advancing agricultural loans of all kinds to members of the society in accordance with the needs of the land ;

(b) furnishing the farmers with all they require for the exploitation of the land, such as seeds, fertilisers, livestock, agricultural



machinery and everything necessary for the storage and transport of crops ;

(c) organising the cultivation and exploitation of the land in the most efficient manner, including seed selection, rotation of crops, pest control, and the digging of canals and drains ;

(d) selling the principal crops on behalf of members after deducting from the price of such crops any payments due in respect of the price of the land, government taxes and agricultural and other loans ;

(e) undertaking all other agricultural and social services required by members.

Thus the law makes it compulsory for the new holder to join the co-operative society ; in this way unity of action is ensured, which will facilitate the operation of the loans required.

The reform law has got rid of a serious defect of the old law respecting co-operative societies. The former system brought together in one society the big landowner and the smallholder, and all the advantages of co-operation went to the more influential members of the society. The new law brings together the smallholders only and enables them to work together as equals for their common interests.

For some years after their formation, co-operative societies will be under the supervision of officials chosen by the Ministry of Social Affairs from graduates of the agricultural institutes who show that they are efficient social workers. These officials will have full authority to supervise social and agricultural activities. When the societies no longer need the services of the supervisor, his duties will be taken over by the members of the society.

The planning of the upkeep of the land is left to the co-operative societies. The law points out the best methods of cultivating and irrigating the land by the use of scientific methods and modern machinery. Co-operative societies will either own tractors and machines and till the land of their members directly or partition the land into zones and entrust the work to companies or firms, under the supervision of the High Committee for Agrarian Reform.

#### THE AGRICULTURAL LABOURER

The principal aim of the reform was to abolish the large estates and to create a class of smallholders ; but the agricultural labourer, who owns no land and is paid for his work, has not been forgotten.

Article 38 of the law prescribes the method of fixing the wages of agricultural labourers. Under this article a ministerial order has been issued fixing the minimum wage of the labourer in the various agricultural districts at 180 millièmes a day for a full-grown worker and 100 millièmes for a woman, a boy or a girl.

Article 39 of that law has given the labourers the right to form trade unions for the defence of their common interests.

#### OTHER PROBLEMS

Certain other major questions dealt with by the law are worthy of mention.

(1) We have seen how the rapid growth of population in Egypt led to a serious situation in the ownership of land, whereby the share of the smallholder fell to one-quarter or one-half of a feddan. The inheritance law and the attachment of the farmers to the land of their fathers have contributed to the successive partition of smallholdings, with the result that the productive value of the land has been reduced and smallholders have been thickly crowded on tiny pieces of land.

To deal with this problem the reform law has ordained that the new farm shall be inherited by one person only, chosen according to certain conditions from among the parties concerned or the heirs. In this way the law has ensured the migration of some farmers from the crowded parts for settlement on reclaimed land, which is in great need of their efforts.

(2) Some of the former large estates had gardens and orchards which supplied the country with fruit. The new law provides for their distribution, in lots not exceeding 20 feddans, among the graduates of agricultural institutes. The objective is to ensure the most effective use of these orchards. Undoubtedly the graduates of the technical institutes are the most suitable persons to carry out such schemes.

(3) An important principle has been established in the new law. Under article 32 agricultural land may be let only to a person undertaking to farm it personally. This clause has put an end to the interference of agents and brokers, who used to pick up profits without any effort at production.

(4) Big landowners used in the past to exploit the farmers by forcing them to sign lease contracts without mentioning the rental value and wait until the harvest time to fix these values according to the prices fetched by the crops. If prices went up the landowners increased the rental value.

Article 36 of the new law is aimed at such arbitrary transactions. It reads as follows :

The contract of lease shall be concluded in writing, irrespective of the value. It shall be drawn up in two original indentures, one to be retained by the owner and the other by the tenant. In the absence of a contract in writing, the rent shall be deemed to be based on crop-sharing for a period of three years, during which time the owner's share shall be one-half after deduction of all expenses.

#### CONCLUSION

Thus it is clear that the agrarian reform has laid a solid foundation to a new era in Egyptian life. It has got rid of the agricultural feudalism upon which both political and economic feudalism were based.

One of the most important consequences of the enforcement of the reform is the shift of the capital paid as indemnities—some E£200 million. Thus the agrarian reform is designed to contribute to the development of industry and commerce as well as to the advancement of the agricultural economy.

Egypt is looking forward to a new era of higher living standards, in which the woes of poverty are mitigated and every trace of the feudal system has disappeared.

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