Rule of Experts

Egypt, Techno-Politics, Modernity

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To Lila

7 The Object of Development

Open almost any study of Egypt produced by an American or international development agency and you are likely to find it starting with the same simple image. The question of Egypt's economic development is almost invariably introduced as a problem of geography versus demography, pictured by describing the narrow valley of the Nile River, surrounded by desert, crowded with rapidly multiplying millions of inhabitants.

A 1980 World Bank report on Egypt provides a typical example. "The geographical and demographic characteristics of Egypt delineate its basic economic problem," the report begins.

> Although the country contains about 386,000 square miles, . . . only a narrow strip in the Nile Valley and its Delta is usable. This area of 15,000 square miles—less than 4 percent of the land—is but an elongated oasis in the midst of desert. Without the Nile, which flows through Egypt for about a thousand miles without being joined by a single tributary, the country would be part of the Sahara. Crammed into the habitable area is 98 percent of the population . . . . The population has been growing rapidly and is estimated to have doubled since 1947.[1]

The visual simplicity of the image, spread out like a map before the reader's eye, combines with the arithmetical certainty of population figures, surface areas, and growth rates to lay down the logic of the analysis to follow: "One of the world's oldest agricultural economies," a report written for the United States Agency for International Development (USAID) begins,

> Egypt depends upon the fruits of the narrow ribbon of cultivated land adjacent to the Nile and to that river's rich fan-shaped delta. For more than 5,000 years agriculture has sustained Egypt. During the first half of this century, however, . . . the growth of agriculture failed to keep up

> with the needs of a population which doubled, then nearly tripled. It is a matter of simple arithmetic . . .[2]

The popularity of this image of space and numbers is summed up in the World Bank report. "These two themes—the relatively fixed amount of usable land and the rapid growth of the population—will be seen as leitmotifs in the discussion of Egypt's economic problems."[3]

Fields of analysis often develop a convention for introducing their object. Such tropes come to seem too obvious and straightforward to question. The somewhat poetic imagery favored by writings on Egyptian development seldom lasts beyond the opening paragraph, and the text moves quickly on to the serious business of social or economic argument. Yet the visual imagery of an opening paragraph can establish the entire relationship between the textual analysis and its object. Such relationships are never simple. Objects of analysis do not occur as natural phenomena, but are partly formed by the discourse that describes them. The more natural the object appears, the less obvious this discursive manufacture will be.

The description that invariably begins the study of Egypt's economic development forms its object in two respects. In the first place, the topographic image of the river, the desert surrounding it, and the population jammed within its banks defines the object to be analyzed in terms of the tangible limits of nature, physical space, and human reproduction. These apparently natural boundaries shape the kinds of solutions that will follow: a more scientific management of resources, and new technologies to overcome their natural limits. The world is divided into nature and science, the material and the technological, a realm of objects and a realm of ideas. Yet the apparent naturalness of the imagery is misleading. The assumptions and figures on which it is based can be examined and reinterpreted to reveal a very different picture. The limits of this alternative picture are not those of geography and nature but of powerlessness and social inequality. What appears as nature is already shaped by forms of power, technology, expertise, and privilege. The alternative solutions that follow are not just technological and managerial, but social and political.

In the second place, the naturalness of the topographic image, so easily pictured, sets up the object of development as just that—an object, out there, not a part of the study but external to it. The discourse of international development constitutes itself in this way as an expertise and intelligence that stands completely apart from the country and the people it describes. Much of this intelligence is generated by organizations such as the

World Bank and USAID, which came to play a powerful economic and political role within countries like Egypt. International development has a special need to overlook this internal involvement in the places and problems it analyzes, and present itself instead as an external intelligence that stands outside the objects it describes. The geographical realism with which Egypt is so often introduced helps establish this deceptively simple relationship.

Earlier chapters of this book have discussed a series of projects and forces that configured the Egyptian countryside in the nineteenth and twentieth centuries, including the estate system and the law of property, irrigation works and epidemic disease, artificial fertilizer and industrial crops, the manufacture of heritage, and the importation of social science. The final part of the book turns to the end of the twentieth century.

In 1973–74 the government of Egypt announced an "open door" economic policy (*infitah*), after almost two decades of close regulation of foreign investment and imports. The government's ownership, funding, and management of large industry, trade, construction, and finance was now to be complemented by foreign and local private sector initiatives, often in partnership with state banks and enterprises. The significance of this change in policy should not be exaggerated. Economic relations had been formatted as a mix of government and so-called private processes since at least the creation of modern landed property, law, irrigation works, railways, policing, hygiene, and other networks in the nineteenth century, as we saw in chapter 2, and this formatting had gone through numerous crises and adjustments. The reforms of the last quarter of the twentieth century represented another series of adjustments, rather than any simple shift from "the state" to "the private sector" or, as it came to be known, "the market."

One important part of this reformatting was the new role played in Egypt by the three Washington-based political agencies increasingly active across the postcolonial world, the International Monetary Fund, the World Bank, and USAID. These public sector agencies formed alliances with U.S. and other Western banks, corporations, government treasuries, and foreign ministries, and with a variety of forces within Egypt, both official and unofficial. They also met with resistance in Egypt, official and unofficial, and were seldom able simply to impose new policies, still less to control the outcome when their interventions were successful. Where they did achieve results, however, was in their monopoly of expertise.

The final three chapters examine this expertise and its place in Egyptian politics. The current chapter examines the reforms of the 1970s and 1980s, and the way these were formatted as solutions to the problems of

geography and nature in terms of which Egypt was always defined. Chapters 8 and 9 look at the crisis that followed at the end of the 1980s, and the remaking of the economy in the economic reforms of the 1990s.

TOO MANY PEOPLE?

We can start with the common image of overpopulation and land shortage. Whenever you hear the word "overpopulation," Susan George suggests, "you should reach, if not for your revolver, at least for your calculator."[4] It is seldom clear, as she points out, to what the prefix "over" refers. What is the norm or the comparison to which it relates? "Egypt has the largest population . . . in the Middle East," noted the World Bank report *Trends in Developing Economies* in 1989: "Its 52 million people are crowded into the Nile delta and valley . . . with a density higher than that of Bangladesh or Indonesia."[5] Why Bangladesh and Indonesia? The World Bank might equally have mentioned Belgium, say, or South Korea, where population densities were respectively three and four times higher than Indonesia—but where the comparison would have had a less negative implication.

It is true that Egypt's level of agricultural population per hectare of arable land was similar to that of Bangladesh, and about double that of Indonesia.[6] But this comparison is misleading, for arable land in Egypt is vastly more productive. It was estimated in 1986 that Egyptian agricultural output per hectare was more than three times that of both Bangladesh and Indonesia.[7] So it is not clear that Egypt was overpopulated in relation to either of these countries.

Perhaps it would be more realistic to gauge Egypt's land shortage by comparing it not with poorer countries but with places that had a similar total population and per capita gross national product, combined with far greater areas of cultivated land. The Philippines and Thailand were the two closest examples in population size and GNP and had cultivated areas three times and eight times that of Egypt, respectively.[8] Yet despite having far less land to farm, Egypt's agricultural population produced more crops per person than either of these countries. Egyptian agricultural output per worker was perhaps 8 percent higher than that of the Philippines and 73 percent higher than that of Thailand.[9]

Despite the visual power of the image of more than 50 million Egyptians crowded into the valley of the Nile, there is no prima facie evidence for the assumption that this population was too large for its cultivable area. Perhaps it might be argued in more general terms that the world's population is too large in relation to the earth's limited resources.[10] In that case, however, there is no reason to single out Egyptians. On the contrary, Egyptians made very modest demands on the world's resources (measured in terms of energy consumption per capita) compared with inhabitants of Western Europe, Japan, and North America. One inhabitant of the United Kingdom, for example, required more of the world's energy per year than six Egyptians, and one American was more expensive in energy terms than a dozen Egyptians.[11] So it can hardly be the latter who were threatening the world's limited resources.

Perhaps it can be agreed that having more than fifty million inhabitants did not necessarily make Egypt "overpopulated." Development experts might insist, however, that the problem was not the size of Egypt's population but the rate at which it was growing. A report in 1976 by the United States Department of Agriculture asserted that the country's "exploding population is the most serious problem facing Egypt today."[12] The rapid growth in population appeared to have outstripped the country's ability to feed itself, and in 1974 Egypt became a net importer of agricultural commodities. By the 1980s food accounted for almost 30 percent of Egypt's merchandise imports, a higher proportion than for all except one of the one hundred countries for which figures were available.[13] It would appear from these figures that the case for an imbalance between population figures and agricultural resources had been established after all. But before accepting this conclusion we should reach, once again, for the calculator.

NOT ENOUGH FOOD?

Between 1965 and 1980, according to World Bank tables, the population of Egypt grew at an annual rate of 2.1 percent. Yet during the same period, the World Bank also shows, agricultural production grew at the even faster rate of 2.7 percent a year. During the 1980s, when the population growth rate increased to 2.4 percent a year, agricultural growth continued to keep ahead.[14] In 1991, food production per capita was 17 percent higher than at the start of the previous decade.[15] So it is not true that the population was growing faster than the country's ability to feed itself.

If this is the case, then why did the country have to import ever increasing amounts of food? The answer is to be found by looking at the kinds of food being eaten, and at who got to eat it.

Official statistics suggest that Egyptians were consuming relatively large amounts of food. The World Bank ranked Egypt as a "low income" country in the 1980s, yet the country's daily calorie supply per capita was estimated to be higher than all except one of the "lower middle-income"

countries, and indeed higher than a majority of the world's upper-middle and high-income countries.[16] The daily protein supply per capita also exceeded the level of most middle-income countries and rivaled that of many high-income countries.[17] Despite these figures, Egyptians suffered from high rates of undernutrition. A 1988 survey found that 29 percent of children suffered from mild undernutrition and another 31 percent from moderate or severe undernutrition.[18] Between 1978 and 1986 the prevalence of acute undernutrition may have more than doubled.[19] A study of anemia (probably caused by the interaction of malnutrition and infection) in Cairo found the condition in 80 percent of children under two years old and in 90 percent of pregnant women,[20] rates that the World Bank described as "alarmingly high."[21] Clearly the high figures for calorie and protein supply per capita did not reflect the actual distribution or consumption of food.

What the calorie figures probably reflected was high levels of food consumption among the better off, a shift in what they consumed toward more expensive foods, especially meat, and the diversion of food supplies from humans to animals. A World Bank study of agricultural pricing policy in Egypt in the 1980s noted that there was a very high variation in the value of food consumed between rich and poor, which it attributed to the low per capita level of income and its unequal distribution.[22] This inequality was already increasing from 1964/65 to 1974/75: in the countryside the share of household expenditure of the lowest 20 percent of households decreased from 7 to less than 6 percent in that decade, while in urban areas the share of the top 20 percent of households increased from 47 to 51 percent.[23] During the brief oil boom from the late 1970s to the mid-1980s, the income of the poor improved and the gap between low- and middle-income families may have narrowed. But the wealthiest 5 percent increased their income share between 1974/75 and 1981/82 from 22 percent to 25 percent in the case of rural households and to 29 percent in the case of urban.[24] In the late 1980s, as USAID and the International Monetary Fund (IMF) finally succeeded in imposing restructuring policies that removed price subsidies, increased unemployment, and brought economic recession, the degree of inequality almost certainly increased. A 1992 report on Egypt for USAID made clear that under these policies "losers necessarily outnumber winners." While arguing that the increased poverty for the majority would occur only in the short term, the report admitted that there was no indication of any significant progress toward the long-term benefits this poverty was believed to bring.[25]

Increasing wealth, together with increasing numbers of resident foreigners and tourists, led to a large increase in the demand for meat and

other animal products, which were "chiefly consumed by tourists and other non-Egyptians, plus middle- and upper-class urban residents."[26] A 1981/82 household survey showed that the richest 25 percent consumed more than three times as much chicken and beef as the poorest 25 percent.[27] In the subsequent oil-boom years, income growth together with extensive U.S. and Egyptian government subsidies encouraged a broader switch from diets based on legumes and maize (corn) to less healthy diets of wheat and meat products. From 1970 to 1980, while crop production grew in real value by 17 percent, livestock production grew almost twice as much, by 32 percent.[28] In the following seven years crop production grew by 10 percent, but livestock production by almost 50 percent.[29] To produce one kilogram of red meat requires ten kilograms of cereals, so feeding these animals required a large and costly diversion of staple food supplies from human to animal consumption.[30]

FODDER FOR PEACE

It was this switch to meat consumption, rather than the increase in population, that required the dramatic increase in imports of food, particularly grains. Between 1966 and 1988 the population of Egypt grew by 75 percent. In the same period, the domestic production of grains increased by 77 percent but total grain consumption increased by 148 percent, or almost twice the rate of population increase.[31] Egypt began to import large and ever increasing quantities of grain, becoming the world's third biggest importer after Japan and China. A small proportion of the increase in imports reflected an increase in per capita human consumption, which grew by 12 percent in this twenty-two-year period. But the bulk of the new imports was required to cover the increasing use of grains to feed animals. Grain imports grew by 5.9 million metric tons between 1966 and 1988, to cover an estimated increase in nonfood consumption of grains (mostly animal feed, but also seed use and wastage) of 5.3 million tons, or 268 percent (see fig. 2).[32]

The dependence on grain imports after 1974 was caused not by population growth, which lagged behind the growth of domestic grain production, but by a shift to the consumption of meat. This shift was obscured, however, by the way different grains were used. Rather than importing animal feed directly, Egypt diverted domestic production from human to animal consumption. Human consumption of maize (corn) and other coarse grains (barley, sorghum) dropped from 53 percent in 1966 to 6 percent in 1988.[33] Human supplies were made up with imports, largely of wheat for

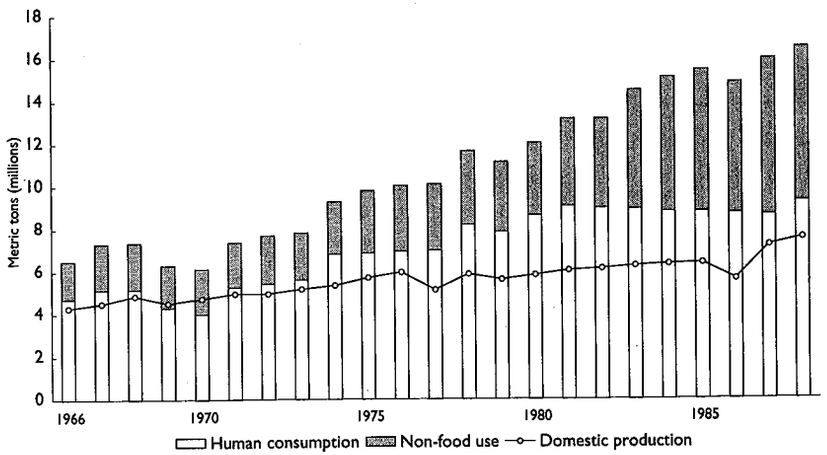

Figure 2. Supply and consumption of grains in Egypt, 1966–90. Source: Calculated from USAID, *Status Report* (Cairo, 1989).

bread making. So it appeared as though the imports were required not to feed animals supplying the increased demand for meat, but because the people needed more bread. USAID supported the shift to meat consumption among the better off by financing at reduced interest rates more than three billion dollars worth of Egyptian grain purchases from the United States between 1975 and 1988, making Egypt the world's largest importer of subsidized grains. Yet the agency claimed that the purpose of these subsidies was "to help the poor."[34]

Subsidized American loans financed only a part of the grain imports. The rest required further borrowing, contributing to a total external debt that in 1989 reached $51.5 billion, a figure surpassed that year by only five other countries. Whereas the debt levels of the other five heavily indebted countries ranged between 22 and 95 percent of gross national product, Egypt's debt amounted to 165 percent of its GNP.[35] Egypt began to default on the debt and required large loans just to keep up payments on its earlier loans. To address this crisis, the United States used the pretext of Egyptian support in 1990–91 for a war against Iraq to write off Egypt's $7 billion military debt and to arrange for a relaxation of the remaining $28 billion of long-term bilateral debt, half of which was written off and half rescheduled.[36] As a condition of this refinancing, the United States insisted on a further shift toward export crops, away from staple foods, to produce more hard currency to pay the debts.

The transformation in food consumption habits affected not only agricultural imports and the balance of payments, but also domestic agriculture. By the 1980s it was no longer accurate to write that Egyptian capitalist agriculture "still is to a large extent the cultivation of cotton."[37] In terms of the commitment of land and labor, the priority was now the production of meat, poultry, and dairy products. In 1989 cotton occupied only about one million of Egypt's six million acres.[38] The other major industrial crop, sugarcane, occupied a little over a quarter of a million acres. Of the remaining four and three-quarter million acres, more than half was used to grow animal fodder—principally Egyptian clover (berseem) in the winter and maize and sorghum in the summer and autumn.[39] Egypt was now growing more food for animals to consume than for humans.

The shift to the production of meat and other animal products (which was accompanied by an increased production of other more expensive, nonstaple agricultural products, particularly fruit and vegetables) had two principal causes. First, as the World Bank put it, "effective demand has been modified by a change in income distribution."[40] In other words, the growing disparity in income between rich and poor enabled the better off to divert the country's resources from the production of staples to the production of luxury items. Second, the Egyptian government, supported by the large American loans already mentioned (called "Food For Peace"), encouraged this diversion by subsidizing the import of staples for consumers, heavily taxing the production of staples by farmers, and subsidizing the production of meat, poultry, and dairy products.[41] Livestock raising was particularly concentrated on large farms, those over ten acres, where there were three to four times as many cattle per acre as on farms of one to ten acres.[42] Yet government food policy forced even the smallest farmers to shift from self-provisioning to the production of animal products and to rely increasingly on subsidized imported flour for their staple diet.

The image of a vast population packed within a limited agricultural area and increasing in size at a rate that outpaced its ability to feed itself is therefore quite misleading. The growth in agricultural production was always ahead of population growth. Egypt's food problem was the result not of too many people occupying too little land, but of the power of a certain part of that population, supported by the prevailing domestic and international regime, to shift the country's resources from staple foods to more expensive items of consumption.

Population growth rates of over 2.5 percent a year, some might argue, were nevertheless still very high. Surely it would have been better to produce fewer children and more buffaloes, cows, and chickens—as in fact a

1990 family planning initiative proposed. But this depends on one's point of view. Such a proposal would probably have seemed reasonable to an upper-class or middle-class family in Cairo, and indeed the birth rate among such families was already much lower. But to a rural family or among the urban poor it might seem far less reasonable.

In a social world where daughters leave their parents' family at marriage to join their husbands' households, and where there is virtually no system of social security to support parents when they become too old or sick to work, it can be argued that to desire a minimum of two surviving male children was not excessive. According to figures for 1980, in rural Upper Egypt, the poorest part of the country and the region with the highest fertility rate, women gave birth to an average of 7.5 children during their childbearing years. But almost one in three of their children (2.7 out of the 7.5) died in childhood.[43] Under these circumstances, if the parents' aim was to ensure that at least two sons survived to support them in later life, then 7.5 children was not an unreasonable birth rate. After 1980 infant deaths were reduced, thanks largely to a simple treatment for diarrhea, and women began to have smaller families.[44]

These women were unlikely to attribute their economic problems to population growth, as did the World Bank. Far more serious, perhaps, was the insecurity of their futures, their meager share of local, national, and global resources, and the political and economic powerlessness that prevented them from altering this condition. Any discussion of their situation would have to start from this question of power.

NOT ENOUGH LAND?

The effect the pictorial framework has on the analysis it introduces can be seen by turning to the question that is central to the problem of rural poverty and powerlessness, that of land distribution. The image of a narrow strip of fertile land crammed with so many millions of inhabitants enabled most contemporary analyses of Egyptian economic development to move very quickly past the problem of access to land. With so many people occupying so little space, the problem appeared to be already explained. "The present picture is not bright," concluded a study for USAID in 1976 discussing the economic status of the farmer, "mainly because there is just not enough land to go around. The average size of a holding is two feddans [acres], 94 percent of all owners have less than 5 feddans each, and only 0.2 percent have at least 50 feddans each."[45]

This picture of a countryside made up of millions of tiny parcels of land suggested once again that if Egyptian farmers were finding things difficult, it was because there were just too many of them for the space available. As before, however, we should ignore the image and check the figures.

First of all, holdings of less than five acres are not as small as they may seem. With Egypt's fertile soils, year-round sunshine, and permanently available irrigation water, the country is like an open-air greenhouse in which high yields can be obtained from two or even three crops a year. A five-acre holding produces between ten and fifteen acres of crops a year. In fact five acres is reckoned to be the maximum size for a family farm—the maximum area a family of five can cultivate on its own, working full time, without hired labor.[46] The minimum farm size required for such a family to feed itself, assuming an annual consumption of 250 kilograms of grains (or equivalent) per head and a state tax of 30 percent of production, was estimated in 1982 to be 0.8 feddan (acre), or just over 19 qirats (1 feddan = 24 qirats).[47] Given the increase in yields in the 1980s, the minimum area required by 1988 was only 0.625 feddan, or 15 qirats.

The USAID report mentioned that 94 percent of landholdings were smaller than five acres, the limit of a family farm. What it failed to mention was that the remaining 6 percent of landholders, with holdings from five acres up to the legal limit of fifty acres per individual or one hundred acres per family with dependent children, controlled 33 percent of the country's agricultural area.[48] From the mid-1970s, moreover, these large landholdings increased in number. By 1982 they represented 10 percent of holdings and controlled 47.5 percent of the country's cultivated area.[49]

The official figures, furthermore, underrepresented the concentration of landholding, for they were based on village land registers. Studies of landholding in individual villages frequently revealed a much greater concentration of ownership, as I discussed in chapter 5, with the largest farms being registered under several different names to stay within the legal limit. The official limits also did not apply to the large holdings of agribusiness corporations. In the 1980s, for example, Bechtel International Agribusiness Division managed a ten-thousand-acre estate in Nubariyya owned by a Gulf investor,[50] and the Delta Sugar Company, a joint venture of the Egyptian state sugar company and a group of Egyptian and international banks, owned a forty-thousand-acre estate on irrigated land in the north-central Delta.[51]

Even if one ignores these additional forms of landholding, the official figures still represented a large concentration of land in relatively few hands. The limit of fifty to one hundred acres should be compared with the limit of

about 2.5 to seven acres (one to three hectares) achieved in the 1940s and 1950s by the land reform programs of Japan, Taiwan, and South Korea.[52] In Korea, less than 20 percent of the land in 1975 was held in farms of two hectares or more (approximately five acres), while in Egypt almost half the land (47.5 percent) was in holdings above this limit.[53] On the other hand, almost one-third of landholders in Egypt (32.3 percent) had holdings under one acre, amounting to only 6 percent of the agricultural area.[54] In addition, a significant but unmeasured proportion of the agricultural workforce, which totaled 4.3 million workers in 1985,[55] remained without any land at all.

If Egypt were to carry out land reform measures comparable to those of Japan, South Korea, and Taiwan, the problem of landlessness and near landlessness would be eliminated.[56] By placing the ceiling on landholding at three acres (an area several times the minimum required to feed a family), at least 2.6 million acres of land would be available for redistribution.[57] If distributed to the landless and near landless, no agricultural household in Egypt would have less than the fifteen qirats required to feed itself. Total agricultural production would also be likely to increase, as there is ample evidence that small farmers produce larger yields per acre than large farmers.[58] East Asia also provided a model for financing such a redistribution. In the Taiwanese land reform of 1953, the government compensated large owners through a concurrent privatization program, giving them shares in the Taiwan Cement Corporation and other state-owned industries inherited from the Japanese occupation.[59] In the 1990s Egypt launched a program to privatize state-owned enterprises, including several cement companies. The distribution of shares in this property offered a straightforward method of paying compensation for the redistribution of land in the countryside.

The discussion of landholding in Egypt usually ignores the large proportion of land held in amounts over five acres, and refers to such holdings as merely "medium" sized. Only owners of more than fifty acres are labeled "large." The fifty-acre threshold, incorporated into the 1961 land reform law, was the definition of large landowner formulated in 1894 by the British consul-general in Egypt, Lord Cromer, in accordance with British political and fiscal interests.[60] It takes no account of the contemporary interests of most Egyptian farmers. Nor does its continued use reflect the fact that crop yields increased by a factor of 4.5 over the one hundred years after the British occupation.[61] A 50-acre farm in 1982 produced as much as a 225-acre farm of the 1880s, or perhaps a 450-acre farm if one took into account the spread of perennial irrigation and double and triple cropping. From 1982 to 1999, moreover, yields of wheat, the major food crop, grew by another 80 percent, further increasing the output of large farms.[62]

The redistribution of agricultural land also offered a way to create nonagricultural livelihoods in the countryside and provincial towns. Increasing the number and assets of small farming households would generate three kinds of local economic linkage.[63] It would increase demand, first, for locally made agricultural inputs (ploughs, hand tools, draft animals, carts, threshing machines, and small irrigation pumps); second, for consumer goods made and serviced by local industry (furniture, building materials, basic appliances and electronics) rather than luxuries imported from abroad; and third, for a variety of local processing industries for food and textile crops, such as small wheat and rice mills, sugarcane processing, and textile looms. Compared to the large-scale, capital-intensive industry favored by the state and international financial institutions, small-scale processing industries based on intermediate technology had two advantages. They typically produced a less refined and more nutritious product, such as brown sugar or whole-grain flour. And they employed more people and produced goods at lower overall cost.[64]

The redistribution of agricultural land offered a workable and proven means of creating sustainable rural livelihoods.[65] Over the following decade, in other parts of the world land reform was "back on the agenda," the U. N. Food and Agriculture Organization reported, mainly because rural populations put it there. The Chiapas rebellion in Mexico, the invasions of land seekers in Malawi and Zimbabwe, the Movimento Sem Terra in Brazil, the demand for restitution of property taken by the apartheid regime in South Africa, and the success of the 1990s land reform in the Philippines, all contributed to this new pressure to recognize the importance of land rights for small farmers.[66] But in official studies of the obstacles to Egypt's further economic development, the question of additional land reform was simply never raised. USAID refused to support detailed independent proposals for land reform and instead, as we will see, helped to introduce a "free market" program for rural Egypt that began to undo earlier reforms and consolidate land into larger farms.[67] Thanks to the powerful image of millions of Egyptian peasants squeezed into a narrow river valley, it seemed natural to assume that landholdings were already smaller than was practicable and that other sorts of solutions were required.

HIGH-PAYOFF INPUTS

Once the problems Egypt faces were defined as natural rather than political, questions of social inequality and powerlessness disappeared into the background. The analysis could then focus instead on how to overcome

these "natural" limits of geography and demography. In the 1980s the international development industry in Egypt proposed and funded two complementary methods for the solution of Egypt's problems, the technological and the managerial. One required large capital resources from the West, the other its expertise. "The development problem is essentially a question of the quantity, quality and proportion of resources to be devoted to development on the one hand," according to a World Bank report on Egypt that laid out an agenda for the 1980s and 1990s, "and to economic management on the other."[68] The productive limits set by nature, in other words, would be overcome by the forces of technology, while existing natural resources would be made more productive by more rational and efficient management—in particular by dismantling the bureaucracy of the Egyptian state and recasting its power in the form of "market forces."

The timeless image of the Nile River and its inhabitants often introduces a certain construction of history, from which follows the need for technological rather than political solutions. The geographical determinism of the image implies an agricultural order that remains in essential ways unchanged since antiquity. Only recently, it seems, has this ancient world discovered the West—or its synonym, "the twentieth century." This relationship between nature and an unchanging history was expressed in one of the passages already quoted from a USAID report: "One of the world's oldest agricultural economies, Egypt depends upon the fruits of the narrow ribbon of cultivated land adjacent to the Nile and to that river's rich fan-shaped delta. For more than 5,000 years agriculture has sustained Egypt."[69] A similar theme, and similar words, are found introducing an earlier report for USAID. "The Nile Delta and its lifeline, the Nile River Valley extending southward some 600 miles, is one of the oldest agricultural areas of the world, having been under continuous cultivation for at least 5,000 years." With this in mind we are ready to accept a few lines further down the strange idea that, "In many respects, Egypt entered the twentieth century after the 1952 Revolution."[70] A 1977 USAID report stated baldly that "The transformation of the Egyptian village started twenty five years ago with the agrarian reform measures."[71] In the same years, as we saw in chapter 4, Richard Critchfield was writing the same thing in his Ford Foundation–funded study, *Shahhat*, after which he was hired by USAID as an expert on rural development.

The implication of these statements and images—that until the latter half of the twentieth century life in the Nile valley had remained essentially unchanged for centuries, if not millennia—is of course highly misleading. As earlier chapters have stressed, it ignores hundreds of years of

far-reaching economic and political changes, such as the growth in the Middle Ages and subsequent decline of a network of world trade passing through the Nile valley, or the consolidation in the nineteenth century of a system of export-oriented agricultural production based on irrigation works and private landownership, all of which involved transformations in Egyptian villages as important as the land reforms and irrigation schemes of the mid-twentieth century. Ignoring such developments creates the reassuring impression that the poverty of the Nile valley is the traditional poverty of a peasantry that has not yet or has only recently joined the "twentieth century," rather than very much a product of the political and economic forces of that century.

This image of a traditional rural world implies a static agricultural system that cannot change itself. If Egypt "is to fully enter the modern world," a report for USAID in 1976 explained, the impetus and the means must come from outside.[72] These external forces must carry out not simply adjustments to the existing system but what the World Bank in 1980 called a "qualitative transformation" of Egyptian agriculture.[73] New capital investment, new irrigation methods, improved seed varieties, mechanization, and the switch to export crops such as vegetables and cut flowers to bring in the foreign capital required to finance such technologies were the principal means to achieve this transformation.

USAID's Agricultural Mechanization Project, which ran from 1979 to 1987, used just this image of a "traditional" agricultural system to justify technological solutions to the problems of rural Egypt. The project's aim was to encourage the mechanization of Egyptian farming by purchasing agricultural machinery from the United States for field trials and demonstration programs in Egypt, financing the construction of service centers for the machinery, and sending Egyptians to the United States and other countries for training in "the techniques of technology transfer."[74] USAID awarded the $38 million contract for this to Louis Berger International of East Orange, New Jersey. In their final report, the contractors explained the "underlying philosophy" of the mechanization program. "To ensure that the project serves the purposes of development, it is necessary to relate mechanization to development theory so that mechanization does not conflict with, but rather is supportive of, development objectives."[75]

To supply the kind of theory that would ensure "the purposes of development" were served, they drew on the ideas of Theodore Schultz, whose *Transforming Traditional Agriculture* (1964) was an early classic in the field of economic development. Schultz argued that farmers in "traditional" agriculture make efficient use of their resources within the limits of

the expertise and technology available to them. Through long years of trial and error, he claimed, they have eliminated inefficiencies and wastage and reached "a particular type of equilibrium" in which the agricultural economy is "incapable of growth except at high cost." Only the large-scale introduction of new technology and capital from outside this equilibrium can enable the farmer "to transform the traditional agriculture of his forebears."[76] "In other words," Louis Berger International explained, "the continued investment in traditional inputs will produce very little in terms of an additional income stream. Consequently, the transformation from traditional agriculture is an investment problem dependent on a flow of new high-payoff inputs: the inputs of scientific agriculture."[77] There has probably never been a "traditional" agriculture resembling Schultz's description. Certainly no such system has existed in Egypt in recent historical memory, still less in the 1980s when Louis Berger International arrived there from New Jersey. What was missing most of all from Schultz's account of individual farmers making rational decisions to maximize their income, as an anthropologist's critique points out, was any concept of social and economic inequality.[78]

Schultz tested his theory using evidence from studies of a Guatemalan village by Sol Tax (1953) and a village in north India by David Hopper (1957).[79] The Guatemalan village was involved mostly in trade rather than the production of food for local consumption, so it was hardly "typical of a large class of poor agricultural communities," as Schultz claimed.[80] The Indian village yielded evidence that the proportion of land and other resources allocated to various crops corresponded closely to their relative market prices, so that altering the allocation of inputs would not significantly increase the farmers' income.[81] But this analysis paid no attention to inequality and the difference that poverty makes. "Severely impoverished individuals," Hill notes, "who exist in all communities, . . . are necessarily inefficient if only because they lack the resources to set themselves to work effectively."[82] For example, poor farmers in Egypt usually cannot afford sufficient fertilizer for their crops and may get lower yields as a result. The most "efficient" allocation of resources in Schultz's terms, Hill points out, would allocate no land at all to the poorest farmers.

Despite the lack of firm evidence for Schultz's rather dated argument, it supplied the "philosophy" to justify American funding for the mechanization of Egyptian agriculture. Mechanization was also funded by the World Bank and by the Japanese Agency for International Cooperation.[83] These external funds required large additional contributions from the Egyptian government, which was already paying for mechanization by providing

farmers with subsidized loans and fuel. Consultants hired by USAID claimed that this "high-payoff" solution to Egypt's problems would shorten the interval between crops and increase crop yields by as much as 55 percent.[84] This claim contradicted the evidence from other countries, which suggested that higher crop yields occur with mechanization only in exceptional cases, and certainly not under conditions of intensive land use as in Egypt.[85] It also contradicted existing experience in Egypt, where, as Alan Richards reported, there was "no evidence that tractor farms have higher yields or cropping intensities than unmechanized farms."[86] A subsequent study showed that indeed no increase in yields had occurred.[87]

The demand for mechanization had intensified among large landowners in the later 1970s, due to a supposed shortage of agricultural labor that lasted into the early 1980s. This "shortage" took the form of a temporary rise in the wages of male agricultural laborers, particularly in regions close to large cities, caused by the higher wages available for urban construction work during the building boom of that period and by labor migration to the oil-rich countries of the Gulf.[88] Agricultural wages, having averaged only one-third of the average real wage for all economic sectors during the first half of the 1970s, for a while began to catch up with urban wages. Large farmers, given the artificially low prices they received for their crops, were unable or unwilling to pay the higher wages. The larger cause of the labor "shortage," in other words, was the unequal distribution of land into large farms requiring hired labor (small farms use mostly family or cooperative labor) and the low agricultural prices imposed by the state. Rather than addressing these problems, however, the government, large farmers, and international development agencies turned to the high-payoff program of mechanization. The high payoffs did not take the form of increased yields, as we have seen, but of higher profits to the new machine owners and their importing agents and foreign manufacturers. The demand for rural male labor was reduced once again, and the inequalities between agricultural laborers and landowners were kept in place. It is these inequalities that mechanization and other "high-payoff" inputs consolidate, and that accounts of the Nile valley and the need to transform its "traditional" agriculture keep from view.

DECENTRALIZATION AND THE MARKET

There is a second dimension to rural inequality in Egypt, and a second aspect to the historical image of the Nile valley that tends to naturalize it. The rural poor suffered not only from local inequalities in distribution of

land and other resources, but also from the inequality of central government policies that transferred wealth from the rural population to the state. The state had come to play a major role not just in maintaining inequality, but in producing it. This is a political question, requiring an analysis of the networks of power and privilege that pass through the state and tap into the wealth it appropriates. International development, with its naturalized images of the Nile valley and its limited resources, depoliticizes this issue and transforms it into a question of the proper management of resources. The solutions that follow are those that are supposed to increase efficiency: decentralizing the state and reconfiguring some of its networks and powers as forces of "the market."

Before 1952 it was mostly the institution of large landowning that extracted wealth from the farming population and transferred it elsewhere. The 1952 land reforms preserved significant landholding inequalities, but placed a majority of farmers directly under the control of the central government and its compulsory cropping requirements, requisitions, and price policies. Even if one takes into account state investment in irrigation and the subsidizing of farm inputs, the net effect of government policies between 1960 and 1985 was estimated to appropriate 35 percent of agricultural GDP.[89] Small farmers, moreover, suffered more than larger landowners, as the latter had greater opportunity to invest in more profitable areas such as fruit, vegetable, and dairy farming. After 1974 the government began to relax the compulsory cropping and price fixing policies, and after 1986 to abolish them. But the changes were carried out in a way that benefited primarily larger landowners. Smallholders continued to be disproportionately involved in cotton, rice, and sugarcane production, where fixed prices and compulsory deliveries to the state were the last to be relaxed. To complete the reversal of the 1952 reforms, in 1992 the government moved to abolish the security of tenant farmers, reestablishing the "free market" in agricultural land and causing hundreds of thousands of small farmers to be faced with the risk of eviction (see chapter 8).

The system for appropriating wealth from the countryside needs to be examined as a political process, in which changing state policies have reflected a complex of dominant (although not always coherent) social interests—those of the state managers and bureaucrats, the growing government-supported private sector, and larger rural landowners. The image of the Nile valley, its population, and a five-thousand-year-old agriculture makes it possible to ascribe this appropriation instead to a "tradition" of "strong central government" determined by the very geography of the Nile valley and stretching back to Pharaonic times. Thus the coordinator of

a USAID-funded program at Eastern Kentucky University providing management training to Egyptian local government officials explained, "For centuries Egypt has been governed as a political system with a highly centralized decision making process. Although there have been a few minor exceptions, this statement is valid for the period since the unification of Upper and Lower Egypt was accomplished late in the fourth millennium B.C.—i.e. for at least the past 5 thousand years."[90] Drawing on familiar imagery, the author went on to explain this centralized power in geographical and demographic terms. "Integral to the question of administrative structure of the Arab Republic of Egypt is its principal social and economic problem—over-population—and the Nile River. Although the land mass area of the ARE includes 386,000 square miles, over 96 percent of the population resides on the 4 percent of the land area adjacent to the Nile valley and its delta."[91] Depoliticized in this way, the state's role in agriculture ceased to be a question of power and control over people's resources and lives. It became instead a problem of management. The intervention of the state has resulted in "disequilibrium," it was said.[92] The language of neo-Ricardian economics was employed to imagine a naturally achieved balance between forces of agricultural supply and demand, a balance called "the market." The market is a simple image for picturing the relations between farmers, laborers, landowners, state officials, international agribusinesses, and consumers, an image that reduces these interrelated but very unequal concentrations of power into nominally equivalent buyers and sellers, and represents the inequality between them as the market's equilibrium. Building this imagined equilibrium, which has never existed in two centuries of modern Egyptian agriculture except as a sequence of dispossessions, food shortages, monopolies, minor revolts, violent repressions, and urgent demands for state intervention, was the aim of the process of "structural adjustment."

To begin creating such an equilibrium, alongside the supply of "high-payoff inputs," USAID began to promote in rural Egypt a gradual reorganization of the role of the state, under the slogans of "decentralization" and "privatization." USAID even talked of encouraging "democracy and pluralism" in the provinces by increasing the role of local officials and involving the country's elected village councils.[93] To weaken the power of the central bureaucracy might have been a positive step for rural Egyptians, but the actual political outcome would depend on the distribution of resources and power at the provincial, district, and village levels to which authority and funds were transferred. Local government or the private sector is not necessarily more democratic, or even more efficient, than central

government. Popular village councils, if they had any role at all, were frequently controlled by powerful village landowners and local officials, largely for their own benefit. Decentralization was likely to do no more than shift exploitation from one agency to another.

A review of decentralization projects in eight different villages found that funds had gone to improvements in infrastructure and to income-producing projects such as the purchase of milk refrigeration units; animal husbandry; poultry, bee, and silkworm raising; date packaging; olive canning; carpentry and furniture making; and the purchase of trucks, tractors, and taxis. The report, written for USAID, noted that "naturally, not all villagers have savings that enable them to invest" in these projects, and therefore the profits accrued to those in "middle to upper bracket income groups more than poor folks."[94] An olive pickling and canning project in a village in Fayyum, for example, provided employment for two hundred villagers but served the marketing needs of just five wealthy farmers, for only wealthy farmers could afford to grow olive trees. Likewise, "only the wealthy villagers can hope to raise bees, because the economic success of such an enterprise requires raising at least 20 beehives, which is a large investment. Village officials such as agronomists often enter into partnership with such farmers and undertake such projects on their own."[95] In other words, when they transferred resources to an existing system of inequality, decentralization and privatization were liable to reinforce that inequality. The profits went to large farmers and local state officials, and the poor received at best only certain opportunities for wage labor. The USAID report acknowledged that "the better off, the more educated and expert officials benefit more than ordinary villagers," but argued that this was "developmentally advisable."[96] "It would be remiss to call such a phenomenon exploitation simply because the better-off can benefit more," the report argued. Exploitation in rural Egypt existed only "before 1952 where cultivators were given survival wages or shares by owners." The relationship between rural capitalists and wage earners was termed instead "differential advantage," meaning "the variable ability of individuals or groups to make better use and reap greater benefits than others from available opportunities."[97] A sure way to "reap greater benefits" from an investment, of course, is to pay lower wages to those one employs. This "ability" was based on a distribution of land that left many villagers with no resources besides their labor, in the absence of a minimum wage, and under a system of patronage, policing, and surveillance in rural Egypt that prevented "poor folks" from protesting against or organizing to change their condition. Even when exploitation was shifted from state to local or private means and renamed "differential advantage," it remained a politically constructed system of inequality—which decentralization and privatization programs would only reinforce.

The reinforcement of inequalities in the name of improved "management" of resources and of "removing constraints to the operation of market forces" can be seen in another major strategy for reducing the role of the state. This was what the development industry called "cost recovery" in the provision of government services.[98]

Cost recovery was a euphemism for transforming healthcare, schooling, and other public services into private, fee-based institutions as in the United States. In education, for example, USAID pushed for the introduction of private schooling in Egypt at the secondary and university level and, on a more modest level, for a scheme to sell advertising space on the covers of school exercise books.[99] In healthcare, for which USAID budgeted only $246 million from 1975 to 1989, representing 1.6 percent of total nonmilitary assistance to Egypt, the sum of $95 million (almost 40 percent of the health budget) was scheduled for privatization programs. With technical assistance from the consulting firm of Emery Associates / Taylor Associates, USAID's aim was to "establish a sound financial structure for the health sector emphasizing cost recovery systems." The programs involved pushing the Egyptian government to implement "policy changes to allow a fee structure for curative care" and "to convert selected hospitals and clinics to fees-for-service facilities."[100] One of the advantages of selective private healthcare is its increased dependence on imported U.S. drugs and equipment. It is worth noting that even under the existing system of public financing for healthcare and schooling, Egyptians spent large personal sums on health and education. The percentage of total household consumption expenses spent on medical care in Egypt (14 percent) was already second highest in the world, after Switzerland, and equal with that of U.S., and the percentage spent on education (11 percent) was the third highest in the world, after Canada and Singapore.[101]

Privatizing healthcare, schooling, and other social services does not inherently create a "sound financial structure." What it does do is transfer the source of funding from government revenue, to which people contribute according to their means, to fees or insurance premiums, for which the poor must pay as much as the rich. This creates or reinforces an unequal access to healthcare and schooling. Privileged levels of education and health become, in turn, a mechanism for transferring wider social privilege from one generation to the next.

The rhetoric of management, financial soundness, and market forces depoliticized these complex issues. Programs for decentralization and cost recovery transformed questions of social inequality and powerlessness into issues of efficiency and control—in the same way that agricultural mechanization programs transformed the question of inadequate wages and landlessness into issues of technological efficiency. The underlying political issues people faced could be ignored, because the naturalized imagery of the Nile and its population had reduced the topic to questions of natural resources and their more efficient control. It never had to be asked at whose cost efficiencies were to be made, or in whose hands control was to be strengthened.

OBJECTS OF DEVELOPMENT

A final aspect of the geographical image of the Nile valley was the way it removed from sight the participation of development agencies in the dynamics of Egyptian political and economic life. By portraying the country and its problems as a picture, laid out before the mind's eye like a map, the image presented Egypt itself as something natural. The particular extent of space and population denoted by the name "Egypt" was represented as an empirical object, echoing the cadastral survey maps of the beginning of the century. Development literature reproduced the convention that Egypt exists as a sort of freestanding unit, lined up in physical space alongside a series of similar units. The workings of this unit—its economic functions, social interactions, and political processes—are understood as internal mechanisms. They constitute the unit's inside, to be distinguished from economic and political forces that may affect it from outside.

This convention of imagining countries as empirical objects is seldom recognized for what it is—a convention. The relations, forces, and movements that have shaped people's lives over the last several hundred years have never in fact been confined within the limits of nation-states, or respected their borders. The value of what people produce, the cost of what they consume, and the purchasing power of their currency are determined by global relationships of exchange. Movements of people and cultural commodities form international flows of tourists, television programs, information, migrant workers, refugees, technologies, and fashions. The strictly "national" identity of a population, an economy, a language, or a culture is an image that has had to be continually reinvented against the force of these wider relations and movements. This has always been the case, for the global interconnection of commodities, populations,

languages, and ideas is far older than the modern invention of nation-states.

The apparent concreteness of a modern nation-state like Egypt, its appearance as a discrete object, is the result of recent methods of organizing social practice and representing it: constructing frontiers on roads and at airports, controlling the movement of people and goods across them, producing maps and history books for schools, compiling cadastral surveys, deploying mass armies and indoctrinating those conscripted into them, representing the nation-state in news broadcasts, international sports events, and tourist literature, establishing a national currency and language, and, not least, the discourse of "country studies" and national statistics of the American-based international development industry.

These essentially practical arrangements of language, imagery, space, and movement are mostly of very recent origin, as I explored in earlier chapters of this book.[102] We tend to think of them as processes that merely mark out and represent the nation-state, as though the nation-state itself had some prior reality. In fact the nation-state is an effect of all these everyday forms of regulation and representation, which set it up in the appearance of an empirical object. The geographical imagery of the Nile and its inhabitants that introduces so many studies of Egyptian development invokes and reproduces this effect.

MODEL ANSWERS

There are two consequences of the way economics takes for granted the nation-state as its object. The first is the illusion of the model. Portrayed as a freestanding entity rather than a particular position within a larger arrangement of transnational economic and political forces, an individual nation-state appears to be a functional unit—something akin to a car, say, or a mechanical pump—that can be compared with and used as a model for improving other such units. This supposed comparability is emphasized by the annual volumes of statistics produced by the World Bank and other international development agencies. Economic features of one state appear to be neatly transferable to other states, without regard for their different position in larger economic and historical networks.

The example of this in Egypt's case is the way agencies like the IMF and USAID began to promote the growth of exports as the solution to the country's economic problems. Egypt was to develop the export of winter vegetables and cut flowers to markets in Europe and the Gulf, along with textiles and possibly other light manufactured goods, in order to earn the

hard currency to keep up interest payments on its foreign debts. The idea was that Egypt and similar countries should follow the path of the newly industrialized countries of East Asia—Singapore, Hong Kong, Taiwan, and South Korea.

This notion that solutions from East Asia provided a model for other Third World states was curious.[103] Egypt's merchandise exports in 1987 amounted to less than one-fifth of one percent of world trade. More than two-thirds of this merchandise consisted of oil, the supply of which was expected to decline in coming decades. To match the per capita level of exports of Singapore in the late 1980s, Egypt would have had to expand its exports to capture 23 percent of world trade—or significantly more than the merchandise exports of Japan and the United States combined.[104] Even the far more modest goal of matching South Korea, whose exports were worth $1,120 per capita in 1987, would have required Egypt to capture 2.35 percent of world trade. This would involve a forty-fold increase in nonoil exports, from an annual level at that time of about $1.25 billion to more than $52 billion.[105]

There was no evidence that Europe's demand for airlifted shipments of Egyptian cut flowers and winter tomatoes might grow by even a fraction of this amount. In the absence of the kind of far-reaching land reform carried out in South Korea, there was also no evidence that such export policies would be of any benefit to the landless and near-landless majority of rural Egyptians.[106] In fact other cases of agro-export policies suggest the opposite. For example, Brazil, which was "a stunning success as measured by investment in agrofood production and exports," was also "a nightmare of evictions from the land, displacement of local food systems, hunger, and social unrest."[107] Finally, as Streeten and others noted, this export-oriented solution was supposed to occur not during a period of enormous regional and global demand, such as that generated by Japanese growth and the Vietnam war during the period when the East Asian economies began to expand, but in a period of economic retrenchment during the 1980s, a period when a dozen or more large Third World countries were adopting similar remedies and competing for the same limited market.[108] In fact, Adelman's economic modeling suggested that in the situation of depressed world trade an alternative policy of transferring wealth to medium and small farmers (via land reform, infrastructural investment, and higher producer prices) to stimulate rural employment and consumption would result in higher rates of growth and larger exports than export-led policies.[109] It would also produce a substantial redistribution of income from rich to poor.

There is a second consequence of the way the imagery of the Nile valley and its people—and the larger discourse of development—constitute Egypt as a self-contained object. By setting out this sort of visual image of Egypt, the country is imagined as an object that exists apart from the discourse that describes it. The geographical metaphor that introduces the reports of an organization like USAID in Cairo evokes an entity "out there," Egypt, laid out like a map as the object of the organization's planning and knowledge. The organization itself, the metaphor suggests, is not an aspect of this object. It stands above the map of Egypt to measure and make plans, a rational center of expertise and policy making that forms no part of the object observed. USAID is not marked, so to speak, on the map.

Development discourse thus practices a self-deception—what Partha Chatterjee calls "a necessary self-deception," for without it development could not constitute itself.[110] Development is a discourse of rational planning. To plan effectively, it must grasp the object of its planning in its entirety. It must represent on the plans it draws up every significant aspect of the reality with which it is dealing. A miscalculation or omission may cause the missing factor to disrupt the execution of the plan. Its calculations must even include the political forces that will affect the process of execution itself.

This calculation has a limit, however, which is where the self-deception is required. As Chatterjee points out, the political forces that rational planning must calculate affect not only the execution of plans but the planning agency itself. An organization like USAID, which must imagine itself as a rational consciousness standing outside the country, is in fact a central element in configurations of power within the country. Yet as a discourse of external rationality, symbolized as the consciousness that unfolds Egypt as a map, the literature of development can never describe its own place in this configuration of power.

Consider the case of USAID's decentralization program, designed to reduce the role of the state and encourage "democracy and pluralism" by channeling development funds to private initiatives at the village and district level. The report quoted earlier suggested that among the principal beneficiaries of these funds were local government officials, state agricultural engineers, and other members of the state bureaucracy. The other main beneficiaries, wealthy farmers, often entered into partnership with such officials.[111] Far from encouraging a "private sector" in opposition to the state, such programs made the state an even more powerful source of funds and site of patronage. The new accumulations of wealth were never more than semiprivate, for they were parasitic on this strengthened state structure.

A similar process was described by Robert Springborg at the national level. He gave the example of one recipient of USAID funds, a man who was chair of the Foreign Relations Committee of the State Advisory Council (Majlis al-Shura). He was from a family long involved in Egyptian politics and business and had a personal wealth of several million pounds. USAID provided him with two sizable loans to purchase American irrigation equipment for large tracts of reclaimed land he owned, parts of which he sold off immediately after the equipment was installed. Springborg concludes that "a large proportion of USAID private sector assistance has been utilized by those well connected within the state apparatus to turn quick profits"—to the extent that even USAID economists in Cairo became disillusioned with the program of private sector loans.[112] In chapter 9 we will meet several other private entrepreneurs who grew rich from USAID programs, including one multimillionaire in his thirties who gave a new meaning to the American program of "cost recovery" in health care.

These examples illustrate the characteristic limits of development discourse. The major goal of USAID programs in Egypt was to develop what is termed the "private sector." The actual effect of these programs, however, was to strengthen the power of the state. This was not simply some fault in the design or execution of the programs. USAID itself is a state agency, a part of the "public sector," and therefore worked in liaison with the public sector in Egypt. By its very presence within the Egyptian public sector it strengthened the wealth and patronage resources of the state. USAID was thus part of the problem it wished to eradicate. Yet because the discourse of development must present itself as a rational, disinterested intelligence existing outside its object, USAID could not diagnose itself as an integral aspect of the problem.

OPPOSED TO SUBSIDIES?

This difficulty in seeing itself as a part of the scene reflected a much larger deception. The prevailing wisdom of organizations like the World Bank, the IMF, and USAID was that the problems of a country such as Egypt stemmed from the restrictions placed on the initiative and freedom of the private sector.[113] The program of "structural adjustment" these organizations attempted to impose on Egypt from the late 1970s, particularly following the 1985–86 collapse of oil prices, which left the country incapable of keeping up payments on its international debts, aimed to dismantle the system of state subsidies and controls and enable the private sector to flourish in the unrestricted freedom of "the market." Prices Egyptians paid

to consume, or received for producing, food, fuel, and other goods were to reflect prices in the international market.

Yet it hardly needs pointing out that world prices for most major commodities are determined not by the free interplay of "private" market forces but by the monopolies or oligopolies organized by states and multinational corporations. Oil prices are determined not by the users of cars and electricity but by the ability of producer states to coordinate quotas and price levels. The price of raw sugar (a major Egyptian industrial crop), whose volatility was described as more than twice that of any other commodity monitored by the World Bank, is determined largely by U.S. and other government price support programs. Only about 14 percent of world production is freely traded on the market.[114] The international market for aluminum, one of the main heavy industries in Egypt, also operates under extensive state controls.

Perhaps the most significant example is the world grain market. One of the arguments against Egypt producing the staple foods it needed was that it could not compete in the world market against the low grain prices of American farmers. Yet these prices were the product of subsidies and market controls. American agriculture, operating under an imperative of constant growth, had come to be dominated by giant corporations that supplied the inputs to farming and processed and marketed its products. By the 1980s more than three-quarters of the American farm supply industry was controlled by just four firms. Six corporations, all but one of them privately owned, controlled 95 percent of U.S. wheat and corn exports and 85 percent of total world grain trade.[115] As Congressional investigations had shown, the monopolies these firms enjoyed enabled them to control the market and administer prices.[116] Squeezed by these monopolies on both ends, inputs and marketing, American farmers found themselves having to grow ever larger quantities of crops merely to survive, investing constantly in new technologies and getting increasingly into debt. Since the 1930s, this accelerating treadmill had put more than two-thirds of the country's farms out of existence—and continued to ruin them in the present.[117]

To mitigate the system's effects, the state introduced large subsidies, starting with the price supports and crop controls of the New Deal programs, followed by the subsidized exports of the postwar Marshall Plan, the Public Law 480 program (which financed up to 58 percent of U.S. grain exports during the 1950s and 1960s), and President Nixon's 1972 New Economic Policy (which further subsidized exports, and boosted prices by paying farmers to take 62 million acres out of production, an area equal to ten times the total cultivated area of Egypt). As a result of these policies, by

1982 American grain was being sold at prices 40 percent below estimated average production costs, and keeping farmers afloat was costing $12 billion a year in state subsidies.[118] Despite the low producer prices, moreover, consumer prices remained so high that 40 million Americans required government subsidies to purchase food, costing a further $27 billion a year in federal funds.[119] Government export subsidies paid for middle- and upper-class consumers in non-Western countries to shift to a meat-centered diet and thus expand the market for American feed grains.[120] By the 1990s this system was collapsing. The United States and the European Union could no longer afford the ever increasing levels of state subsidy, new Third World agricultural exporters were cutting into the dominant countries' market share, and transnational agro-industries were finding some of the restrictions on free trade an impediment to further growth and globalization. Short-term solutions were sought in a reorientation of trade into regional market blocs and a shift from price supports to income supports (which do not encourage excessive surplus). But following the U.S. Freedom to Farm Act of 1996, federal payments to farmers continued to rise, reaching an annual $23 billion—twice the level of 1982—by 1999.[121] There was no evidence of a long-term solution or an end to state subsidies and controls. As we have seen, the largest site in the world to be incorporated into this system of state-subsidized American farming was Egypt. The arm of the state that has organized this incorporation was USAID.

The self-deception of USAID discourse was not just that it set up an object called Egypt in which it could not recognize its own internal role. It is that this supposed object was caught up in a much larger configuration of power, a network of monopolies and subsidies misleadingly named the world "market," of which USAID itself was but a subsidiary arm. An agency devoting itself to the cause of dismantling subsidies and promoting the "private" sector was itself an element in the most powerful system of state subsidy in the world.

USAID's role as a source of subsidies to American agriculture and industry can be seen by examining how it spent the $15 billion budget for "economic assistance" to Egypt from the start of its operations there in 1974–75 up to 1989 (see fig. 3). Almost every penny of this amount, it can be shown, was actually allocated to American corporations. Just over half the total, first of all, represents money spent by Egypt to purchase goods from the United States. The Public Law 480 Food Aid program and the Commodity Import Program, totaling about $7.7 billion up to 1989, enabled Egypt to purchase grain, other agricultural commodities, agricultural and industrial equipment, and other U.S. imports.[122] Egypt paid for about

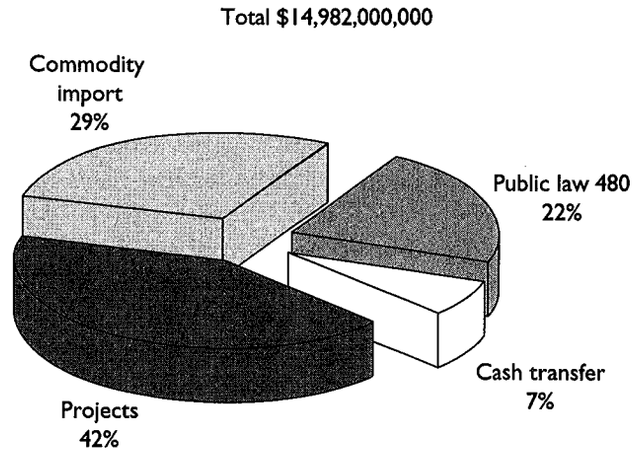

Figure 3. U.S. economic assistance to Egypt, 1975–89. Source: USAID, *Status Report* (Cairo, 1989).

half the commodities in dollars, with the United States providing low-interest long-term credit. The other half were paid for immediately or on short-term credit, but in Egyptian pounds.[123]

A further $1 billion of the total aid was also paid directly to the United States, this part by the U.S. government itself, in the form of so-called Cash Transfers used to keep up payments on Egypt's military debt. United States law stipulated that all aid except food must be stopped to a country that falls more than a year behind in military debt repayments, as Egypt began to do in the winter of 1983–84.[124] The U.S. government responded to this threatened collapse of the system of subsidies to its own private sector by converting all subsequent military loans to grants, allocating the bulk of those grants for progress payments to itself on earlier Egyptian arms purchases, and instructing USAID in the meantime to circumvent the law by setting aside about $100 million a year from economic development funds as Cash Transfers, to be deposited in the Federal Reserve Bank of New York and then returned to Washington as Egypt's monthly interest payments on its military debt.[125] When this illegal diversion of economic development funds for military purposes was discovered by Congress (thanks to the leak of a USAID cable to the *Washington Post*), the aid agency denied it was happening—but continued the practice. The law, an agency lawyer later admitted, "was an academic question, since actual CT [Cash Transfer] expenditures were untraceable."[126]

In 1987, when new accounting rules finally revealed the illegal diversion of funds, the U.S. government reversed itself and argued that such military use of economic aid was legal, on the grounds that 1) military debts, once incurred, became an "economic" and not a "military" question, and 2) in the case of Israel, Congress routinely repaid the U.S. Treasury Israel's annual military debt out of economic assistance funds. Congress rejected the first argument, pointing out that by paying Egypt's past military debts USAID was directly ensuring the supply of current military aid, and rejected the assumption underlying the second argument, that other countries could receive the same exemption from U.S. law enjoyed by Israel, as a gross misunderstanding of "the realities of this Congress and what happens up here with respect to Israel."[127] USAID agreed, once again, to stop paying Egyptian military debts from its funds—but the following year was already asking to have the new accounting rules relaxed. In 1990, following the Iraqi invasion of Kuwait and further Egyptian debt defaults, the U.S. government wiped out Egypt's entire $7.1 billion military debt, using Egypt's political support for a war against Iraq to overcome Congressional opposition.[128]

Thus a total of $8.7 billion, or 58 percent of all U.S. economic assistance, was spent directly in the United States rather than on development projects in Egypt, and most of this "American aid" in fact represents money paid by Egypt to America.

The remaining 42 percent of U.S. economic assistance funds to Egypt, totaling $6.3 billion, were earmarked for development projects within the country (see fig. 4). Yet none of this money was transferred directly to Egypt. The entire amount, as far as one can tell, was spent in the United States, or on American contractors in Egypt. The major recipients of the funds were large American manufacturing, construction, and consulting firms. More than $1 billion went to corporations like General Electric, Westinghouse, and Overseas Bechtel to purchase thermal power turbines and electricity distribution systems. More than $1.5 billion went to U.S. engineering and construction firms to build sewage networks and drinking water plants. Three hundred million dollars went to American Telephone and Telegraph and other U.S. communications companies to supply telephone equipment for Cairo and Alexandria. More than $200 million went to Ferguson International of Cleveland, Ohio, and other U.S. firms for the construction of two cement plants. American agribusiness and engineering firms received multimillion dollar contracts to supply grain silos and fats storage facilities for the country's expanded U.S. food imports. Dredging and earth-moving equipment was purchased from firms like Caterpillar,

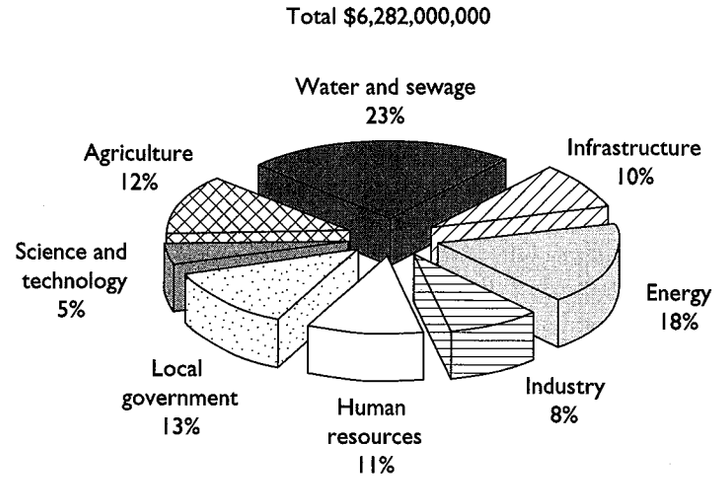

Figure 4. USAID projects by sector, 1975–89. Source: USAID, *Status Report* (Cairo, 1989).

John Deere, and International Harvester. Westinghouse Health Systems received tens of millions of dollars to improve rural and urban "health delivery." And hundreds of millions of dollars went to American universities and research institutes to provide training in agricultural sciences, management, and technology transfer.[129]

Many of these projects also required local payments within Egypt in Egyptian pounds. In 1988 such local implementation costs were said to amount to about E£200 million annually, equivalent then to just over $100 million, or about 10 percent of annual U.S. dollar aid for development projects.[130] But such payments were not made from U.S. dollar funds. Instead, local currency funds paid by the Egyptian government to purchase American imports under the Commodity Import Program, mentioned above, were used by USAID in Cairo to pay for all local costs. In other words, the local implementation expenses of development projects (and even the local operating costs of the USAID mission in Cairo) were paid by the Egyptian government, in exchange for commodities imported from the United States.[131]

Many millions of Egyptians, needless to say, benefited from this economic assistance, at least in the short term. The supply of power stations, sewage networks, telephone exchanges, and drinking-water plants improved the deteriorated physical fabric, especially in the two metropolises of Cairo and Alexandria, which had been overwhelmed by migration from the countryside following the failure to redistribute a better share of

income among the rural population. At the same time, the aid program exacerbated basic problems in the distribution of wealth and political power, and as several Egyptian scholars argued, came at the price of a crippling dependence on imports of American food, machinery, and technology.[132] In the 1980s the United States became the largest supplier of Egyptian imports, and by 1988 the country's imports from America had reached E£1.94 billion. The following year, 1989, they jumped more than 50 percent, to E£2.93 billion.[133]

This dependence, and the astronomical levels of debt it caused, gave the United States a powerful position of influence within the Egyptian state. USAID conducted what it termed "cabinet-level dialogue" on macroeconomic policy with the Egyptian government. At times, USAID reported, when this "dialogue" was not "completely successful"—meaning that the Egyptian government rejected or delayed implementing American demands—"annual releases of funds have been delayed."[134] Acquiring at every level of the Egyptian bureaucracy this sort of "policy leverage," as it was called, became the principal criterion according to which USAID development projects in Egypt were evaluated.[135] And all this was achieved by a program whose larger effect was to provide subsidies to the so-called private sector in the United States—both directly, by the purchase of billions of dollars of its products, and indirectly, by converting Egypt into a future U.S. market.[136]

OPPOSED TO THE STATE?

Thus USAID operated, more or less successfully, as a form of state support to the American corporate sector, while working in Egypt to dismantle state supports. None of this was explained in the discourse of USAID itself, which pretended to stand outside Egyptian politics, conducting merely a "dialogue" at the rational, detached level of "policy." Yet there is even more that was missing from the discourse of development on Egypt. The $15 billion of assistance between 1974 and 1989 represented only about one-half of U.S. aid to Egypt in that period. The other half consisted of economic assistance to the Egyptian military. From 1985 to 1990 total American aid to Egypt was more than $15 billion, half of which consisted of military aid.[137] The military aid was largely spent in the United States to purchase weapons, representing in those five years alone a further $7.5 billion of subsidies to U.S. industry. The United States excluded this aid from its figures for "economic assistance," however, and listed it separately as military aid.

So American aid, which described its aims in Egypt as the support of the private sector and "pluralism," in fact channeled half its funds (or more, if one includes the Cash Transfer payments with which America paid back to itself Egypt's military loans) directly into the most powerful sector of the state. The Egyptian military, with the support of American funds, developed into a major presence within the country's manufacturing, agriculture, construction, and consumption. Its arms industries, which received state subsidies but whose income went into military rather than national accounts, became the country's largest manufacturing sector, producing exports (mostly to Iraq) estimated to be worth about three times the total of all other nontextile manufactures.[138] The army also moved into civilian manufacturing, producing clothes, electrical appliances, construction goods, and pharmaceuticals. In 1986 it negotiated a contract with General Motors to manufacture passenger cars. Under pressure from the American Embassy, USAID pledged General Motors a $200 million subsidy from its aid budget. The project was abandoned for political and financial reasons, but later on the army began to assemble Jeep Cherokees from the Chrysler Corporation.[139]

Agriculture was another sector in which the military became a dominant presence, setting up dairy, poultry, and vegetable farms, fisheries, land reclamation projects, and food processing industries, particularly in meat, fruit, and vegetables. Its Food Security Division represented the largest agro-industrial enterprise in the country, producing in 1985–86 E£488 million worth of food, or almost one-fifth of the total value of Egyptian food production.[140] The military also played a leading role in the construction of bridges, roads, power lines, telephone systems, and other civilian infrastructure projects. All these activities provided plentiful opportunities for patronage and personal profit making. The Lockheed Corporation agreed in 1990 to pay a $1 million bribe to an Egyptian member of parliament, who used her influence to persuade the Egyptian military to purchase three of Lockheed's C-130 Hercules transport planes, giving an indication of some of the sums involved. (When Pentagon auditors discovered the bribe Lockheed promised not to pay it, but then paid it the following year, according to U.S. prosecutors, disguised as a "termination fee.")[141] The Ministry of Defense also began to build its own military cities, mostly around Cairo. Thirteen cities were built by 1986, each with a population of 150,000 to 250,000, complete with hospitals, shops, schools, and mosques, and a further ten were under construction.[142] Together with coastal resorts, tourist services, and elite training colleges, these developments transformed the professional officer class into what

Robert Springborg called "an almost entirely autonomous enclave of middle-class modernity in an increasingly impoverished and marginalized Third World economy."[143] Meanwhile, many from the most senior ranks, often equipped with diplomas in management from U.S. military colleges, moved on to enjoy the rents from senior positions in ministries, state-owned corporations, and local government.

These enclaves of privilege received substantial support from Egyptian public funds. Among the world's twenty or so lower-middle income countries, Egypt in 1987 came near the bottom of the list in the proportion of central government expenditure devoted to health and education (only Syria and Mexico spent proportionately less) and near the top in the proportion (20 percent) devoted to the military (only Syria, Jordan, North Yemen, and El Salvador spent proportionately more). At the same time, power and privilege on this scale would never have been possible without the multibillion dollar contributions of United States aid.

Despite its large presence in the Egyptian economy, the large proportion of government funds it consumed, and its even larger proportion of total American support, the military received almost no attention in the literature of organizations like USAID and the World Bank. Given the supposed objectives of developing the private sector and pluralism, the silence of this discourse is astonishing. The silence reflects the necessary limits of the discourse of development. A systematic inquiry into the economy and power of the Egyptian military would have revealed its relations to American military industries, to the system of state subsidies on which those industries depended, and thus to the larger object of American aid programs. In the same way, as I have suggested, a proper analysis of Egyptian agriculture examining the causes of the shift to meat production and the country's resulting shortages of food and growing indebtedness would have revealed the connections between these events and the crisis of American farming and the remedy of subsidized food exports. Such analyses would serve as a reminder that the discourse of development is situated within, not outside, such relationships.

That is the reason for the silence. Development discourse wishes to present itself as a detached center of rationality and intelligence. The relationship between West and non-West will be constructed in these terms. The West possesses the expertise, technology, and management skills that the non-West is lacking. This lack is what has caused the problems of the non-West. Questions of power and inequality, whether on the global level of international grain markets, state subsidies, and the arms trade, or the more local level of landholding, food supplies, and income distribution, will

nowhere be discussed. To remain silent on such questions, in which its own existence is involved, development discourse needed an object that appeared to stand outside itself. What more natural object could there be, for such a purpose, than the image of a narrow river valley, hemmed in by the desert, crowded with rapidly multiplying millions of inhabitants?