

## AGRICULTURAL POLICIES, LAND OWNERSHIP DISCUSSED

Cairo AL-AHRAM AL-IQTISADI in Arabic 1 Jun 79 pp 16-18

[Article by Dr 'Abd al-Mun'im Balba': "Agricultural Currents"]

[Text] Currents from various local and foreign sources are presently affecting economic life in Egypt, and agriculture, as one of the pillars of economic life, already feels the impact of those currents. One of the currents which is making a strong impact on agriculture at the present time is the President's slogan, "Let every Egyptian own a piece of Egyptian land." The slogan has re-opened a door that has been almost closed to investors over the past few years. It basically differs from another slogan which we have never applied, but which nevertheless we felt that we were close to doing. This is the slogan of, "The land belongs to those who farm it." Clearly, those who farm the land are the peasants and those to whom agriculture is a full-time occupation. Although we had not applied that slogan in the manner in which it was applied by other states, whose orientation and thinking we had shared at one time, the relationship between the landlords and the peasants who rented the land had reached such a state of crisis that many non-farming landlords were forced to sell their lands quite cheaply. The slogan of, "Let every Egyptian own a piece of Egyptian land," on the other hand, invites investors of all kinds and investment patterns to return to reclaiming and farming land, for land now belongs not to those who farm it but to those who invest in it.

Small, non-peasant investors have responded to the slogan by forming reclamation and farming coops. Some of those have paid off part of the lands they had bought and their members, therefore, have legally become co-owners of areas that add up to 10,000 feddans, with individual ownership ranging from 10 to 20 feddans. But--are those coops serious in their efforts to reclaim such vast areas of land and are they capable of doing so? And how can many of those coops attain such a capability when they are made up of individuals who are quite divorced from agricultural and land reclamation activity? Or are they in it because of their desire to own a piece of land?

One condition for the sale of government-owned land to such coops is that they demonstrate seriousness and an ability to complete farming and reclamation operations within set periods of time. But can this condition

be met, and what would the penalty of violators be? Also, what is the legal status of those coops? Is it akin to that of joint-stock companies? And do the bylaws of the coops in question safeguard the rights of a member versus the coop's management?

The proliferation of those coops and their control of thousands of feddans in various parts of the republic make it imperative to review the laws governing the formation of such cooperative societies with an eye to introducing controls and safeguards that would assure the rights of members and guarantee that the management of any coop would not develop into an exploitative and feudalistic body, as land companies had become before the introduction of agrarian reform, and that land acquisition by coops would be used for trading and profit making.

While the slogan, "Let every Egyptian own a piece of Egyptian land" has stirred deep desires among Egyptians to own land, and led to the formation of coops and the entry of persons who have no background in agriculture or connection with the countryside into those very pursuits, it has similarly led to the re-emergence of a profession which had begun to burgeon just before the revolution then faded out during the post-revolution era, namely, the profession of agricultural and engineering experts. The coops and those individuals who are not farmers by profession need technical and professional help and expertise in drawing up reclamation and farming plans and supervising the implementation of such plans. Professional offices have, therefore, begun to sprout and spread out at various levels. Our hope is that laws be written to regulate such professional services so that nonprofessional investors may not be victimized by professional experts and so that the rights of experts, too, may be protected. In addition, controls should be introduced to keep all such services within bounds and to protect Egyptian experts from an influx of foreign experts. Accordingly, any foreign firm of experts should be required to operate through Egyptian experts. The competent trade unions should also have a clear role in organizing this incipient field of services in Egypt.

A major topic of discussion among farmers nowadays is the problem of labor in the rural areas and the need to use agricultural equipment to alleviate the severity of this problem. A friend of mine came up to me one day and said, "What has happened to Egypt's countryside? I left Egypt for 3 years then came back to farm a piece of land that belongs to me, but I faced great difficulties in finding the necessary farm hands." My friend then went on to explain that the agricultural laborer works only for half a day--basically from 9 am to noon--for a fee of no less than 1 to 1 and a half pounds, then spends the second half of the day working for another landlord for another fee. The solution which my friend finally resorted to, as many others had done before him, was to use mechanical equipment. He recalls that, before he left Egypt 3 years ago, there were only three tractors in his village. Now there are 45 tractors.

What I can say is that the Egyptian population stands now at 40 million people. Fifty-six percent of them, or some 22 million people, live in rural areas, the

Great majority of them work in the Nile valley area. Those living in the countryside work in an area of 5.5 million feddans. When the population of Egypt was about 30 million some 10 years ago, more than 60 percent of them, or about 18 million people, lived in rural areas. That is to say that the rural population has increased, not decreased. The ratio of people per feddan of land has also increased from 3 to 4. To say that we have vacated the countryside of its inhabitants would be stretching the facts, even though several thousand Egyptian peasants are now working in some Arab countries.

We attribute the low supply of labor to several things. They include the following:

One--The percentage of children and teenagers under 16 years of age to the general population is quite high. As a result of a higher rate of school enrollment among them, their participation in agricultural labor has decreased.

Two--Each feddan of land can now sustain two consecutive crops per year except in the case of sugar cane. As for vegetables, more than two crops can be raised annually. We no longer leave the land fallow throughout the summer or before planting cotton. This means that recently the productive area has increased from about 9 million feddans to more than 11 million feddans. Clearly, this means a greater need for all kinds of agricultural labor.

Three--Agricultural work, contrary to what many people believe, is not un-specialized. The agricultural laborer performs a job that others cannot perform. His job, therefore, is a professional and specialized one, such as that of a plumber or a carpenter and so forth. How much do we pay an agricultural worker per day? And how does it compare to the wage of a construction worker whose job is no more important than that of an agricultural laborer? An agricultural laborer gets as much as 3 pounds a day. Compared to what plumbers, carpenters and others make, it is not an excessive wage, as some landlords, who still think of agricultural work as an activity which deserves little pay, believe.

The solution devised by landlords, namely, the use of agricultural machinery, is the natural solution--one which I have often advocated. For I still believe that it provides not only a solution for the problem of agricultural labor but also an avenue for a radical evolution of Egyptian life. The development of the profession of farming would in fact be a development of the profession practiced by the great majority of the Egyptian people. It is a solution which the Ministry of Agriculture ought to adopt. The ministry should decide what equipment is best suited for the Egyptian environment and which agricultural activities should be mechanized. It should then eliminate the obstacles which obstruct the use of such machinery and equipment and establish centers to train peasants and farmers in the use and maintenance of such machinery. The manufacturing of such machinery in Egypt should become a major foundation of Egyptian industrial development. Centers should

also be set up to provide maintenance and repair services for such equipment and to sell spare parts and fuel. Dealers of foreign companies should not be allowed to import different kinds of machinery that may not suit Egyptian agriculture. Moreover, inundating the market with different kinds of machinery will make maintenance and repair services as well as the availability of spare parts more difficult.

Peasants and land owners are talking about amending the agricultural property tax law after it was announced recently that the tax on agricultural property will change for some lands. The tax is based on the land's market value and its productivity, and it varies according to any changes in those two factors. This tax, however, seems to be more constant than other taxes, and it has, therefore, been used as a basis for determining the rental value of land. Accordingly, the rental value is set at seven times the value of the tax. Therefore, any change in the tax value affects the peasants--although they themselves would pay it only if they owned the land--because any increase in the tax value would automatically mean an increase in the rental value of the land. Changing the tax on agricultural property also concerns the land owners who are not farmers themselves. And so for the first time we find an investor who actually welcomes an increase in the tax collected on his property because it means an increase in the property's rental value, hence in the income he gets from the land which he himself does not farm, although it also means an increase in his tax payments.

If the taxation law is supposed to be based on fair taxation, where then is the fairness in the agricultural property tax? Since the tax reflects the market value of the land, one should bear in mind that land values have doubled several times. In the past, the tax value represented about 4 percent of the value of a productive land property. At the present time, the value of land per feddan is no less than 1,000 pounds. This means that the tax value should increase several times, probably as many as 10. It might be said in reply that the present value of land has increased due to transient factors, that it is an inflationary value which does not represent the profit yield of the land, especially since the government fixes the prices of the major crops. Thus the difference between the fixed price and the free market price is in actual terms a tax paid by the peasant.

But have not the peasants realized incomes which are far higher than their incomes several years ago? For example, an ardeb [a dry measure] of wheat sold for 5 pounds a few years ago. It now sells for 10 pounds. The value of a kantar of cotton has also doubled, which confirms that peasants have indeed doubled their incomes as a result of higher values of products and crops and not as a result of their own efforts. Is it not only fair that the non-farming land owners should receive a share of those higher values so that they can cope with the increase in their cost of living?

One way of doing that is to increase land property taxes. The increase in the rental value of land which would result from that would in turn increase the land owner's return on his land as well as the government's tax revenue.

I wonder if it is not time to examine the question of land property taxes, the rental value of land and cooperative marketing as a whole means of a comprehensive study that would seek to strike a fair balance among land owners, peasants and the state treasury, while at the same time drawing gradually closer to normal economic conditions.

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