

**A MODEL OF SOCIAL CHANGE :
THE EGYPTIAN EXPERIENCE (1952 - 1967)**

By

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Introduction

Professor Bent Hansen of the University of California at Berkeley presented a paper at the 87th Annual Meeting of the American Economic Association in San Francisco, California in December 1974 which played a major inspirational role to write this paper. I would like to mention that this paper is **not** an answer to Professor Hansen but rather another viewpoint on the subject. Although Professor Hansen took the specialized viewpoint of Arab Socialism in Egypt, this paper took a wider perspective of the social change that took place in Egypt where Arab Socialism is only a part.

A comprehensive look that includes economic, social, political, cultural, etc., and other factors (interdisciplinary approach) would give a better perspective of the case under study.

Since the 1952 Egyptian Revolution took place, many other countries in Latin America, Africa, and Asia have been faced with similar movements. The Egyptian model itself has been unique in both changes as well as its development. It can be said that between 1952 and 1975 the study can be classified into two major periods : the one from 1952 - 1967, which is the body of analysis of this paper, and the second from 1967 - 1975, which will hopefully be my future treatment in a future research follow-up. The first period is the establishment of the new system, and the second represents the changes, problems and adjustment that followed.

It is worth the time in this introduction to present some remarks on the Hansen study.

Hansen's study includes six points : Why Arab Socialism, The Structure and Growth of the Egyptian Economy under Arab

Socialism, Socialism in Egyptian Agriculture, Industry, Foreign Trade, and finally Concluding Remarks.

Professor Hansen addressed himself to the question that every interested researcher for the Egyptian case would consider which is whether or not there is an apparent theoretical or ideological aspect of Arab Socialism in Egypt. He stated that :

Both the writings and speeches of Arab socialist politicians are more often than not highly emotional and rhetorical. It is not possible through the study of such sources to come out with a coherent picture of Arab Socialism as an ideology. The only way to approach the problem is to look at what has actually been done in countries practicing Arab Socialism and assume that is what Arab Socialism is.

Responding to this pragmatic view of what Arab Socialism is, the researcher can find in «The Charter,» «The Constitution», and the work and publications of the Arab Socialist Union in Egypt a wealth of information covering the theoretical and ideological aspect of what Arab Socialism is.

Moreover, the Egyptian model as a basic ideology considered the process of adaptation. In the period after 1967 the model showed flexibility of some changes, the correction movement, the October Document, the opening of the economy, and Foreign investment act.

As for Professor Hansen's findings, he stated

The fact that both redistribution of land and nationalizations have taken place with little or no compensation to old owners obviously renders the policy a socialist planner, and there is no doubt that the upper tail of the distribution of both wealth and income has been cut off rather effectively. It is, on the other hand, also clear that the equalization of personal distribution has not gone very far.

The purpose of this paper is to provide a comprehensive coverage of major social changes in Egypt as a model that has been considered in other areas. The social changes in Egypt since the 1952 revolution are those related to philosophies, policies and constitutional structure. The paper is divided into six parts. Part one is concerned with the meaning, theory and problems of

social change. Part two presents the background of change, and part three explains land reform as the first step toward social change. Part four describes the nationalization of the economy. Part five explains the adoption of comprehensive planning, and, finally, part six delineates the application of Arab Socialism.

It is our belief that our treatment in this paper of the theoretical and evolutionary nature of the emergence of Arab socialist ideology in Egypt would give a comprehensive coverage concerning the roots and philosophies that matured over a period of time and led to the root of the Arab Socialist solution to the social and economic problems that faced the Egyptians.

1 — Meaning, Theory and Problems of Social Change

A — **Meaning of social change.**—Human life is dynamic and social relationships and societies change in all places and in all times, as Inkeles says :

Most of the societies which form part of the more recent history of man seem to have an almost continuous, often pervasive, and sometimes highly accelerated process of change. Yet with change, as with continuity, the sociologist assumes that the sequence of events is inherently orderly. The process of change is not random, even though it may at times seem chaotic, and is often beyond the conscious control of individuals and of society as a whole.⁽¹⁾

La Piere says that of the hundreds of books published during the past decade by Americans about sociological matters, only nine are specifically on social changes.⁽²⁾

Social change, as Moore defines it, is the significant alteration of social structure (that is, of patterns of social action and interaction), including consequences and manifestations of such structures embodied in norms (rules of conduct), values, and cultural products and symbols.⁽³⁾

This definition implies the change in the social structure that will affect the rule of conduct of the society in its values, cul-

(1) Alex Inkeles, **What Is Sociology?** (Englewood Cliffs, N. J. : Prentice-Hall, 1964), p. 27.

(2) Richard T. La Piere, **Social Change** (New York : McGraw-Hill, 1965), p. 34.

(3) Wilbert E. Moore, **Order and Change** (New York : John Wiley, 1967), p. 3.

tural patterns, and philosophies. La Piere distinguishes between two types of social change, quantitative social change and qualitative social change. For him it is the qualitative changes that make the social system at one period in time different from what it is at a subsequent period ; hence, it is the qualitative rather than the quantitative changes that are of primary significance.⁽⁴⁾

Qualitative changes may occur in any aspect of social system in the tools and other artifacts used by the members ; in their technological processes ; in their informal or formal modes of association ; in their language and its supplements, writing, pictorial representation, etc., in their modes of socialization and social control, including law ; in the body of myths, legends, and ideologies ; in their moral concepts, or in their sentiments, opinions, values, tastes, prejudices or the like.⁽⁵⁾

Social change in a society affects changes in other areas of the society, as pointed out by Etzioni :

Social change, it is now held, may originate in any institutional area, bringing about changes in other areas, which in turn make for further adaptations in the initial sphere of change. Technological, economic political, religious, ideological, demographic, and stratificational factors are all viewed as potentially independent variables which influence each other as well as the course of society.⁽⁶⁾

Among other areas that can be affected by social change in a society are its market structure and marketing system.

b. Theories of social change.—The existence of a theory of social change would facilitate the analysis of social change in a society. Scholars in the field of sociology have agreed there is a lack of existing theory of social change. Don Martinsdale says that the theory of social change is the weakest branch of sociological theory.⁽⁷⁾

(4) La Piere, *op. cit.*, p. 57.

(5) *Ibid.*, p. 54.

(6) Amitai Etzioni and Eva Etzioni, *Social Change* (New York : Basic Books, Inc., 1964), p. 7.

(7) George K. Zollschan and Walter Hirsch (eds.), *Social Change* (New York : Houghton Mifflin Company, 1963), p. xii.

In this respect, Inkeles stated :

It has become popular, indeed fashionable, to say that sociologists lack a theory of social change. It would be more accurate to say that in the study of change, sociologists suffer not from too little but from too much theory.⁽⁸⁾

Inkeles' idea reflects the lack of a generally accepted theory of social change and at the same time the existence of numerous theories. This idea was also expressed by Wilbert Moore as follows :

It is both true and false that we have no general theory of social change. It is true that no singular first cause or monistic determinism has proved valid, and no single formula will encompass small-scale and large-scale changes, the short run and the long run, the persistent trend and the chance fluctuation.⁽⁹⁾

The Etzioniis convey the same idea when they said : «There is no adequate theory of social change, just as there is no fully developed general theory of Society.»⁽¹⁰⁾ However, there have been efforts to develop theories of social change and these efforts can be classified into two major approaches, the classical approach and the modern approach. The classical theories of social change include the writings of Spencer,⁽¹¹⁾ Comte,⁽¹²⁾ Spengler,⁽¹³⁾ Toynbee,⁽¹⁴⁾ Marx,⁽¹⁵⁾ and Weber.⁽¹⁶⁾ On the other

(8) Inkeles, *op. cit.*

(9) Moore, *op. cit.*, p. 21.

(10) Etzioni and Etzioni, *op. cit.*, p. 75.

(11) Herbert Spencer, *Sociology* (New York : Appleton and Co., 1921), Vol. 1, pp. 437 - 39, 473 - 75, 584 - 85.

(12) Auguste Comte, *System of Positive Policy* (London : Longmans, Green and Co., 1877), General Appendix : Early Essays, Vol. IV, pp. 55 - 58, fn. 73.

(13) Oswald Spengler, *The Decline of the West* (New York : A. Knopf, Ind., 1926), pp. 104 - 13.

(14) Arnold J. Toynbee, *A Study of History*, Vols. I - VI, abridged, C.C. Somervell (New York : Oxford University Press, 1946), pp. 187 - 20.

(15) Karl Marx and Engels, *Manifesto of the Communist Party* (New York : International Publishers, 1932), pp. 9 - 21.

(16) Max Weber, *The Protestant Ethic and the Spirit of Capitalism*, trans, Talcott Parsons (New York : Charles Scribner's Sons, 1958), pp. 23 - 27.

hand, modern theories of social change are found in the writings of Parsons,⁽¹⁷⁾ Dahnerdorf,⁽¹⁸⁾ Gancian,⁽¹⁹⁾ Mills,⁽²⁰⁾ Stewart,⁽²¹⁾ Miner,⁽²²⁾ Cadwallader,⁽²³⁾ and McClelland.⁽²⁴⁾

c. **Problems in studying social change.**—In addition to the lack of a general theory of social change, there exist some common problems which surround the study of social change. Alex Inkeles classifies these problems into four types. The first problem is the failure to specify the unit of change, that is, whether it is the whole mankind, a particular society, one institution, a set of relationships, of the elements that are changing. Third, it is necessary to agree precisely about what will be objectively accepted as constituting change. Fourth, is the problem of measuring the rate and direction of change.⁽²⁵⁾

In this study, land reform, comprehensive planning, nationalization of the economy, and Arab socialistic ideology are the elements to be analyzed to answer problems one and two. The third problem is related to the Revolution of 1952 as the major cause of change in the U.A.R. Fourthly, the measurement of social change in its direction is tested deductively by comparing the actual change in the factor chosen with the situation before the 1952 revolution.

(17) Talcott Parsons, «Some Consideration on the Theory of Social Change», *Rural Sociology*, XXVI (1961), No. 3, pp. 219 - 39.

(18) Rolf Dahnerdorf, «Toward a Theory of Social Conflict», *The Journal of Conflict Resolution*, XI (1958), No. 2, pp. 170 - 83.

(19) Francesca Cancian, «Functional Analysis of Change», *American Sociological Review*, XXV (1960), No. 6, pp. 818 - 26.

(20) C. Wright Mills, «The Power Elite : Military, Economic, and Political», in *Problems of Power in American Democracy*, ed. Arthur Kornhauser (Detroit : Wayne State University Press, 1957), pp. 154 - 67.

(21) Julian H. Stewart, «Cultural Evolution», *Scientific American*, CXCIV (1956), No. 5, pp. 70 - 80.

(22) Horace Miner, «The Folk-Urban Continuum», *The American Sociological Review*, XVII (1952), pp. 529 - 37.

(23) Mervyn L. Cadwallader, «The Cybernetic Analysis of Change in Complex Social Organization», *American Journal of Sociology*, LXV (1959), No. 2, pp. 154 - 57.

(24) David C. McClelland, «Business Drive and National Achievement», *Harvard Business Review*, XL (1962), No. 4.

(25) Inkeles, *op. cit.*, p. 90.

2 — Background of the Egyptian Social Change

A — **The historical setting.**—Although this study is concerned with changes that have taken place since 1952, it is advisable to look briefly at the historical setting of Egyptian development. Such coverage helps to understand the current social and economic trends in the country. Scholars agree that in the Nile Valley is found one of the oldest civilizations in the world. About 3400 B.C. one of the oldest kingdoms in the world was established in the Nile Valley. «Egypt has known much of foreign conquest, but the Egyptian people and their basic pattern of life were never destroyed.»⁽²⁶⁾

The Hyksos represented the first external pressure on Egypt, and about 1600 B.C. they were driven out of the country. After that, Egypt was subjected to numerous invasions.

Ethiopians were followed by Assyrians, and the influence of a civilization as complex as Egypt's was brought in with the Persian conquest. Later came Alexandrines, Greeks, Romans, Byzantines, Arabs, Syrians, Turks, Albanians, and Circassians.⁽²⁷⁾

The Muslim-Arabs entered Egypt in 641 A.D. and this was a major factor in changing social life in the country. The Islamic faith spread in the land quickly, and the Arabic language took the place of the Coptic Egyptian. The institution of marriage and the institution of property ownership were subject to the Islamic religion. The new religion introduced new concepts and social relationships to the Egyptian society.

Napoleon conquered Egypt in 1798 and this was the turning point toward a modern Egypt. The departure of the French in 1801 was followed by the rise of Mohammed Ali in 1805. Mohammed Ali is called by some historians the founder of modern Egypt. He enthusiastically introduced European culture, techniques, and know-how and nationalized the means of production and distribution. A beginning was made in converting Egypt from a subsistence economy to a modern economy.

(26) Foreign Areas Studies Division, **Egypt** (Washington, D.C.: The American University; U.S. Government Printing Office, December, 1964), p. 16.

(27) *Ibid.*, p. 12.

The effort of Mohammed Ali was seen in all aspects of the economy : in the agricultural section, in industry, in transportation, and in education. Issawi says that the failure of Mohammed Ali's scheme was due to the lack of political autonomy. With the failure of Mohammed Ali's system, the development of Egypt was slow.⁽²⁸⁾ Egypt then became an agricultural colonial unit. Agriculture was the major factor in the socio-economic structure of the country, with specialization in cotton. Under British occupation, education was neglected and the country was one big producer of cotton. The period was characterized by industrial stagnation, and led to the causes of the 1952 revolution. In other words, the British occupation represented the accumulation of factors of frustration which led to the 1952 revolution.

The previous review of Egyptian history was presented to show the effect it had on the current situation of the country. First, Egypt has often been under foreign domination, which resulted in two factors : one related to the demonstration effect, and the other concerned with the sentiment toward other cultures. The second concern was that of the Muslim-Arab effect on changing the social values, ownership of land, and the language of the country. The third effect concerned the first nationalization movement that took place during the time of Mohammed Ali and its failure to represent to the country an experience of the effect of modern know-how in changing from a traditional society to a modern society.

b. Factors of social change in Egypt — Social change in Egypt was brought about by the 1952 revolution. Chalmers Johnson defined the revolution as follows :

a sweeping, fundamental change in political organization, social structure, economic property control, and the predominant myth of a social order, thus indicating a major break in the continuity of development in a society.⁽²⁹⁾

Johnson also viewed the revolution as one form of social change in response to the presence of dysfunctions in the entire system,

(28) Charles Issawi, «Egypt Since 1800», *The Journal of Economic History* (March 1961).

(29) Chalmers Johnson, «Revolution and Social Change», *Hoover Institution Studies No. 3* (Stanford : Hoover Institution on War, Revolution and Peace ; Stanford University Press, 1964), p. 7.

or in response to the existence of conditions which cause disequilibrium in the entire system, and which demand remedial action in order to restore or to create a new equilibrium in the system. He continued to state that when the level of dysfunctions exceeds the capacities of traditional and accepted methods of problem-solving in the system, and when the system's elite, in effect, opposes change, revolution becomes the preferred method of change.⁽³⁰⁾

The factors that led to the 1952 revolution can be outlined as political, economic, and social factors.

I. Political factors.—The major reason behind the revolution was the frustration and the increasing bitterness against the British occupation of Egypt since 1882.⁽³¹⁾ The struggle against the British occupation was continuous. Revolts were staged earlier against the French and Turkish rulers. Omar Makram led a popular movement to appoint Mohammed Ali viceroy of Egypt and Ahmed Orabi led the Army revolution in 1881 to demand a constitution and equitable treatment of the Egyptian officers in the Army. Another revolution took place in 1919 which was not successful.⁽³²⁾ Internal political corruption added to the prevailing discontent. There was not a single party (in 1952) that represented anything but the personal interests of its leaders.⁽³³⁾ None of the parties' programs recognized the urgent need of internal economic, political, and social reforms. The King (Farouk) was an added element that encouraged internal political corruption, disregarding the Constitution, dissolving the parliaments that went against his wishes and exploiting the inter-party dissension for his own interests. The structure of the parliament made it serve the interests of the people. These factors had led to political instability in the country. During the short period of the six months before the 1952 revolution, the government was changed four times.

(30) *Ibid.*, pp. 5, 10.

(31) Abdel Rahman Al-Rajie, *Introduction to the Study of the 23, 1952 Revolution* (Cairo : Maktabat Al Nahda Al Misriya, 1957), in Arabic, p. 153.

(32) Gamal Abdel Nasser, *The Philosophy of the Revolution* (Buffalo, N.Y. : Economic Book ; Smith, Keybes, and Marshall, 1959), p. 26.

(33) Mohammed Neguib, *Egypt's Destiny* (New York : Doubleday and Co., 1955), p. 15.

II. **Economic factors.**—The economic conditions in Egypt were a major factor that led to the 1952 revolution.

At mid-century the Egyptian economy might be described as stagnant. Stagnation in this case does not mean that total production remained stationary. On the contrary, agricultural and industrial output continued to rise at far from unimpressive rates of growth which were, however, not rapid enough to raise real per capita income, and in this sense the economy appeared stagnant.⁽³⁴⁾

The country's per capita income was almost \$ 118, and its distribution was unequal.⁽³⁵⁾ From 1913 to 1950 real income per capita per person showed no tendency to rise but fell sharply in the Great Depression of the 1930's and again during World War II.⁽³⁶⁾ The skewed distribution of national wealth, mainly from land at the time, induced further dissatisfaction among citizens. Less than half of one per cent (.04%) of all landowners held large plots of fifty acres or more and owned about a third (34.3%) of total land while, on the other hand, 84.2 per cent held plots of up to four acres and owned only 35.5 per cent of the land.⁽³⁷⁾

As a result of efforts to industrialize the country since the early part of the nineteenth century, two fairly large industries have actually been emphasized, namely sugar and textiles. However, due to the lack of raw material and fuel resources, in addition to the limited scope of the market, it was difficult for industry to grow.⁽³⁸⁾ By 1950-52 it seems to have been widely

(34) Patrick O'Brien, **The Revolution in Egypt's Economic System: From Private Enterprise to Socialism, 1952-1965** (London: Oxford University Press, 1966), p. 31.

(35) United Nations, **National and Per Capita Income in Seventy Countries** (New York: United Nations, 1949), p. 14.

(36) Ahmed F. Sherif, **General Trends of Egyptian Economic Development Over the Last 25 Years** (Cairo: National Planning Committee Memo 121, 1959), and B. Hansen and D. Mead, **The National Income of Egypt, 1939-62** (1963), Institute of National Planning Memo, 335.

(37) Morroe Berger, **The Arab World Today** (New York: Doubleday and Co., 1964), p. 199.

(38) United Arab Republic, **The Egyptian Association for Population Studies** (Cairo: Misr Printing Co., 1960), p. 50.

acknowledged that manufacturing output was not growing at a desirable rate and that industrial firms had begun to encounter real difficulties.⁽³⁹⁾ The period 1950-52 was a period of crisis for industry, excess capacity, unemployment, and falling profits, particularly textiles.⁽⁴⁰⁾

III. Social factors.—Sir Hamilton Gibb stated that :

A social organism is the resultant of a great variety of continually changing spiritual and material forces producing strains which require adjustment to maintain a relatively stable equilibrium. If any maladjustment becomes too widespread and prolonged, the situation is felt to be intolerable and a violent demand arises for reform. The effectiveness of this demand depends on : 1) the kinds of organs for expressing social needs, the leadership for canalizing them, and the instruments available for promoting reforms, and 2) the ability of the government elements to diagnose the true causes of maladjustment and so cure them that the society's vital inner forces and external activities are again brought into harmony.⁽⁴¹⁾

These remarks point directly to the situations where the people were most discontented. The societal organization did not, in many cases, allow for adjustment to the rising need for political, economic and social reforms. The political leadership did not try to solve the people's problems. The governments failed to «diagnose the true causes of the problems facing the Egyptian society». The situation in the rural areas of Egypt concerning poverty, ignorance, and sickness were the major characteristics of the social life of the majority of the Egyptians. As a result, the hope of the people was for a revolution or a reform that could settle the illness of the society. In his book **The Philosophy of the Revolution** Nasser stated :

All the people on earth go through two revolutions — a political revolution that helps them recover their right to self-government from the hands of a despot who has im-

(39) O'Brien, *op. cit.*, p. 32.

(40) *Ibid.*

(41) Sir Hamilton A. R. Gibb, «Social Reform : Factor X», **Atlantic Monthly Supplement**, Perspective of Arab World (1956), p. 17.

posed himself upon them, or free themselves from the domination of alien armed forces which had installed themselves in the land against their will ; and a social revolution — a class conflict that ultimately ends in realizing social justice for all inhabitants of the country. In our case, we are passing through the gruelling ordeal of experiencing the two revolutions together.⁽⁴²⁾

The following parts of this paper are concerned with the analysis of factors that caused social change.

3. Land Reform and Social Change

The analysis of land reform is selected to show its effect on social change. It is known that land reform has other economic as well as political effects.

The study of land reform is interdisciplinary rather than a subject in its own right. It is an academic no-man's land, either a part-time concern, or a specialty without specialists. Economists, sociologists, historians, politicians, and many others discuss the subject and investigate the problem, each using a different approach within a different framework of reference.⁽⁴³⁾

a. **Agriculture in Egypt.**—The agriculture sector in Egypt has always been regarded as a source of hope and a source of social-economic problems of the country. Agriculture generates about one-third of the country's national income,⁽⁴⁴⁾ with 56 per cent of the population classified as rural dwellers in 1965.⁽⁴⁵⁾ In the domestic trade, 56 per cent of the commercial establishments deal in agricultural products, whereas in foreign trade about 70 per cent of the country's total exports are of agricultural origin.⁽⁴⁶⁾ Agriculture gets its importance from the fact that it is an important source of raw material for the industry and as a source of food supply. The misery of rural life in Egypt called for the necessity of land reform. However, no serious

(42) Nasser, *op. cit.*, p. 26.

(43) Saad M. Gadalla, **Land Reform in Relation to Social Development in Egypt** (Columbia : University of Missouri Press, 1962), p. 3.

(44) **UAR Agriculture** (Cairo : Ministry of Agriculture, 1965), p. 12.

(45) **FAO Production Yearbook, 1966.**

(46) **UAR Agriculture**, p. 13.

effort was made to improve the peasant's life before 1952.⁽⁴⁷⁾ The land reform was the first step taken by the 1952 revolution to cure the society of the illnesses of the feudal system.

b. Meaning of land reform.—The term land reform is used sometimes interchangeably with two other terms : agricultural reform and agrarian reform. Higgins stated that the term «land reform» conveys the concept of breaking up large estates and dividing them among small farmers. Some go further to include some other measures as agricultural credit and agricultural extension programs.⁽⁴⁸⁾ Sometimes the term «agrarian reform» is used to cover this broader concept of land tenure policy.

Fitzgerald defined land reform as :

The changes in agricultural economic institutions which improve the economic, social, and political status of the individual occupier of land, and in so doing, contribute to general economic development.⁽⁴⁹⁾

As for Egypt, land reform means all the actions covered by the Egyptian Agrarian Reform Law of 1952. These actions include:

1. Limitation on ownership of agricultural land and expropriation of certain land for distribution among small farmers.
2. Establishment of agricultural cooperative organizations for the farmers who required the requisitioned land.
3. Limitation on dividing agricultural land.
4. Regulation of landlord-tenant relationship.
5. Provision in regard to the right of agricultural laborers.⁽⁵⁰⁾ The Egyptian definition conveys the question of land

(47) Mirrit Ghali, «Un programme de Réforme Agraire pour l'Égypte», *L'Égypte Contemporaine* (Vol. XXXVIII, 1948) ; Ali Faud Ahmed, «A Proposed Experiment in Community Change by the People of Selected Egyptian Villages» (unpublished Ph.D. dissertation, University of Tennessee, 1952) ; D. Warriner, *Land and Poverty in the Middle East* (London : Royal Institute of International Affairs, 1948).

(48) Benjamin Higgins, *Economic Development* (New York : W.W. Norton and Co., Inc., 1968), p. 450.

(49) Kenneth H. Parson, et al., *Land Tenure* (Madison : University of Wisconsin Press, 1956), p. 44.

(50) Higher Committee for Agrarian Reform, *Land Reform Law Full Text* (Cairo : Press Department, 1954), pp. 3 - 30.

tenure as well as the development of rural communities in the country.

The significance of land reform in Egypt is clearly illustrated by a speech by President Nasser on the early days of putting the law into action :

This land does not merely signify ownership but, symbolizes your freedom, the freedom of your sons and grandsons. This dear land assigned to you is not only a means of improving materially your conditions but elevating you morally and spiritually, imbuing each individual with a sense of dignity, freedom, and equality.⁽⁵¹⁾

c. Objectives of land reform.—According to the Higher Committee for Agrarian Reform, the economic objectives of land reform can be classified into two major categories : those of long range, and those objectives which directly affect the welfare of those who work in the agriculture sector of the economy. The long-range objectives are related (1) to direct new investment toward industry and commerce by fixing a maximum limit on land ownership ; (2) to promote land reclamation by not putting a limit on land fallow or desert so that an owner can require it and reclaim it ; (3) to create a new class of small landowners, who are not dependent on their landlord for their living ; and (4) to prevent any further fragmentation of small size lands.

As to the objectives which are directly linked with the welfare of those working in agriculture, they include : (1) to get rid of the feudal system by expropriating the land in excess of the maximum limit of ownership ; (2) to return the land to those who actually cultivated it by redistributing the expropriated land among them ; (3) to improve living conditions of farm people by establishing cooperatives among small owners for production as well as for marketing ; (4) to provide for a more equitable division of income between landowners and tenants by fixing a maximum limit for land rent ; (5) to provide security for tenants by fixing a minimum term for land leases ; and (6) to insure the right of agricultural laborers by fixing a minimum wage.⁽⁵²⁾ These

(51) Speech at El-Korin, Beheira Province, Cairo, Egypt, April 19, 1956.

(52) Gadalla, *op. cit.*, p. 38.

objectives affect the development of Egyptian rural communities, economically, socially, and politically.

d. **The provision of land reform laws.**—The National Charter indicated the philosophy of land reform in relation to the land ownership as follows :

The correct solutions to the problem of agriculture do not lie in the transformation of land into public ownership, but they necessitate the existence of individual ownership of land and the expansion of land and the expansion of this kind of ownership by providing this right to the largest possible number of hired workers.⁽⁵³⁾

At the beginning of the land reform scheme, the maximum limit of land ownership was fixed at 200 feddans (208 acres), by Law No. 178 of 1952, with an additional 100 feddans (104 acres) for the owner's children. According to Law No. 127 of 1961, the maximum limit became 100 feddans for the whole family.⁽⁵⁴⁾

Land reform was in action not a type of confiscation but a basis of compensation. Compensation equaled ten times the rental value, which in turn was estimated at seven times the basic tax. Compensation was made in the form of government bonds bearing an interest of 3 per cent redeemable over twenty years.

The land reform law also provided for establishment of agricultural cooperatives to render agricultural and social service to the members. The cooperative societies perform their functions under the supervision of the Higher Committee for Agrarian Reform.

e. **The implication of land reform.**—Land reform was introduced as a factor of social change in the Egyptian society. The general effect of land reform can be shown by the report of FAO of the United Nations as follows :

Although the U.A.R. land reform has not been able to relieve the severe pressure of population on land or to ensure full employment for the agricultural labor force, the quality and profitability of employment have improved. Moreover,

(53) United Arab Republic, **The Charter** (Cairo : Information Department, 1962).

(54) The latest provision, according to Law No. 50 of 1969, sets the maximum limit for the individual at 50 feddans and at 100 feddans for the family.

the new owners, as a result of better farming methods and of lower charges for land, have larger incomes than before the reform, and tenant incomes have risen as a result of the decrease in rental payments.⁽⁵⁵⁾

Among the significant provisions of the land reform law is the safeguard against future subdivision of the land by inheritance to less than five acres. This represents a minimum limit for ownership. Such a provision was stated since the Moslem religion, which is the religion of the majority, divides the inheritance among all the heirs, a matter that results in surpassing this minimum limit of land size. In case of inheritance, the land is given to the member of the family who actually engages in agriculture.

As for the agricultural workers, the law opened to them the opportunity to enjoy ownership. Moreover, a minimum level has been set for their wages.

4 — The Nationalization of the Economy

Another major social change in Egypt was the movement toward the nationalization of the means of production and the establishment of a large public sector. The nationalization movement passed through four stages : 1956, 1957, 1960, and 1961. For each of the successive stages there have been forces leading to it ; the four stages have resulted in the creation of a large public sector which is considered a major social change.

The year 1956 was characterized by the shortage of capital needed to fulfil the aspiration of economic development. More specifically, it was the need for foreign currency to finance the High Dam. The inability of securing the needed funds and the refusal of the World Bank to contribute in the financing of the dam were direct forces that led to the nationalization of the Suez Canal Company on July 26, 1956. The canal has always been a major source of revenue, especially foreign currency. The nationalization was accomplished through the compensation of the shareholders who were paid in full for their nationalized property.

(55) United Nations, Department of Economic and Social Affairs, *Progress in Land Reform* (New York, 1962), p. 4.

The second movement of 1957 was a result of the 1956 Anglo-French-Israeli attack on Egypt to restore control over the recently nationalized Suez Canal Company. This movement was a direct confiscation of the British and French properties, which were basically banks and insurance companies. This movement represents the first step toward the establishment of the public sector.

This movement was intended to stop the outflow of returns on foreign investment, and to establish a new financial and commercial policy which could be sympathetic to the hopes of economic development of the country.

The year 1960 represents another direction in the nationalization movement which was characterized by the cooperation between the public sector and the private sector called for the nationalization of two major commercial banks. In February 1960, the Misr Bank and the National Bank of Egypt were nationalized and their owners were compensated by government bonds.

The year 1961 marked the fourth stage in the nationalization movement that led to a sizeable public sector. The laws of 1961 have radically changed the structure of the society from economic, political and social points of view.

Law No. 117 nationalized all banks, insurance companies, and forty-two large enterprises in the field of industry, commerce, transport, and land reclamation.

Law No. 118 announced the participation of the public sector in the capital of eighty-two large enterprises that took the form of joint stock companies with a public sector share of not less than 50 per cent of the capital stock.

Both laws were directed to enlarge the public sector and give the government an upper hand in the direction and control of the activities of these enterprises.

Law No. 119 prohibited any individual or company from the ownership of stocks in excess of market value over 10,000 L.E. in 148 companies, which was more than that share moved to the public sector. The owners who were subject to these laws were compensated by government bonds redeemable after ten years. The nationalization movement moved after 1961 to

include other laws which all led to the enlargement of the public sector.

These laws of nationalization of the economy represent a major social change in the society.

Dr. M. L. Shokair, Minister of Planning, summarized the reasons behind the expansion of the public sector as follows :

1. The necessity of the State to undertake such developmental projects which the private sector is unable or unwilling to establish because of the large risk and expenditures involved, and because such projects would not yield large and immediate profits.

2. The State need for controlling strategic sectors of the economic activities to assure the fulfilment of general economic planning.

3. To establish a socialist sector.⁽⁵⁶⁾

5 — The Adoption of Comprehensive Planning

Professor Higgins explains the universality and the extent of planning as follows :

Today the usefulness of planning and programming development is universally recognized. Tastes regarding the form and extent of governmental management of the economy vary widely, from the highly centralized control of a socialist system in the USSR and Poland to a more decentralized and otherwise modified socialist system of Yugoslavia and Egypt, to almost libertine systems of free enterprise in Lebanon, the Philippines and Thailand.⁽⁵⁷⁾

This third factor of social change is the change from a free enterprise system to a semi-planned economy composed of a public sector and a private sector. This change is in the policy of allocating and directing the economic resources of the country. The significance of such change lies in the fact that new institutions have been established to take care of the economic activities of the country within a framework of the goals of

(56) Mohamed Labib Shokair, *El Tatawoor El Ek Tisady, Deresat Fil Mogtamaa Al Arabi, The Economic Development, A Study of the Arab Society* (Cairo : Dar El Nahda Al-Arabia, 1962), pp. 460-61.

(57) Higgins, *op. cit.*, p. 373.

A. **The preconditions to economic planning.**—The years 1952-1960 represent a starting point in the transformation of the economy from a free enterprise system to a semi-planned economy, or to the application of planning to the Egyptian economy. In 1952 there was the establishment of the Permanent Council for National Production, and the Permanent Council for National Welfare Services. The two councils are the nucleus of thoughts and steps for economic and social development as a goal and for planning as a method to achieve these goals. The Permanent Council for National Production was assigned the following functions :

(1) To examine and recommend prospects for development in the fields of irrigation, land reclamation, electrification, mining, and industrialization, and to survey the means for financing these projects.

(2) To present to the Cabinet within a year of its establishment a program of national economic development to be carried out within three years, and the Council may present the project studied to be put into action.

(3) The Council was responsible for studying the possibilities of increasing the local supply of wheat, grains, petroleum, sugar, animal husbandry, and fertilizers.

The Permanent Council for National Welfare Services was established to fulfil the following objectives :

(1) To study and put into effect a general policy concerning education, health and social plans and to implement them to faster social development.

(2) To improve public service efficiency through training and guidance, and to ensure the people's participation in social activities.

(3) To coordinate the activities in the private sector which are similar to the Council activities.

The activities of the Council materialized in the establishment of «250 Combined Units» of education, agriculture, health and social service in the rural countries of the country. Each combined unit serves about 15,000 inhabitants, and is directed by a «social counselor» who promotes the idea of rural development.

the plan. The decision concerning the production and marketing of goods and services are within the responsibility of those who plan for the whole economy and those who put the plan into action. It is the policies of those who formulate and who direct the plan which interest us in order to see to what degree the economic planning as such has affected the look to the marketing system. It is beyond this study to discuss economic planning as such. However, the Egyptian concept of planning is as follows :

In adopting planning as a method of developing its national economy, the United Arab Republic is doing so only because planning assures the fastest and most adequate rate of economic growth and social development . . .

In fact, the rapidity of economic progress in our country depends on the ability to digest the modern methods of knowledge and scientific progress, and apply them to raise the productive efficiency of labor and capital and also on deriving suitable technological standards for agricultural and industrial production and other fields of activity.

Economic problems are not the only motive that prompts us to resort to planning. There are social considerations as well. Perhaps the most important of these social considerations are reducing inequalities of income and wealth.⁽⁵⁸⁾

Jan Tinbergen, who was among other experts assisting in drawing the plans in Egypt, stated that the major features of economic planning are :

- (a) A plan refers to the future ; i.e., it requires looking ahead.
- (b) It is based on a number of aims, which have to be specific in order to carry out the planning process.
- (c) It requires a coordination of the means of economic policy to be used in order to reach the aims.⁽⁵⁹⁾

(58) United Arab Republic, Presidency of the Republic, National Planning Committee, **General Frame of the Five-Year Plan for Economic and Social Development** (Cairo : Government Press, 1960), pp. vi-vii.

(59) Jan Tinbergen, **Central Planning** (New Haven : Yale University Press, 1961), p. 8.

b. **The organization for economic planning.**—Four organizations assume the responsibilities of drawing, shaping, and directing the planning process. There are four major levels of organization that perform the task of planning, including the following :

1. **The Supreme National Planning Council.** This Council is presided over by the President, and its responsibilities are to draw up the general national planning policy, to state the economic and social goals of the plan, approve the development schemes and follow up the execution of the plan.

2. **The National Planning Committee.** The Committee is the technical authority responsible for preparing the plan (now replaced by the Ministry of National Planning). The responsibilities of this level are to draw up a general plan for economic and social development in light of the studies directed by the Committee members. Besides, the Committee is responsible for providing technical supervision on the compilation and publication of statistics and information required for planning.

3. **The Ministerial Committee for National Planning.** This Committee was established in 1958 to check and review the general plan formulated by the National Planning Committee to see that it conforms with the desired goals and policy of the country before submitting it to the Supreme Planning Council for approval.

4. **Ministerial Planning Offices.** To coordinate the work between the Ministry of National Planning and the different Ministries, these offices were established to ensure coordination of activities. These activities include :

1. Providing the national planning organs with the information needed, studies and reports of different ministerial projects.

2. Providing the planning organs with information concerning the execution of the plan.

Figure 1 illustrates the organization structure for planning.

c. **Institutional structure of the Egyptian economy.**—The philosophy of planning in Egypt has resulted in a new institutional structure for directing the nation's economy, and the

study of such a structure provides an understanding of the interrelationship existing among different levels, as well as the direction of the whole economy. The four levels which form the institutional structure are :

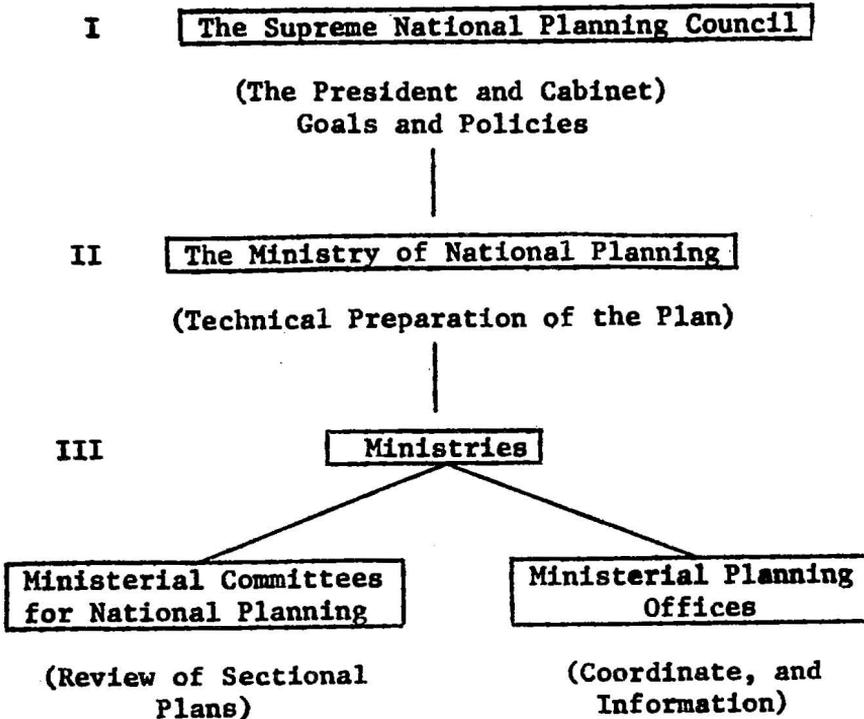


Figure 1.—The organizational structure of the U.A.R. planning.

1. **The Central Authority.** The Central Authority is represented by the President, the Prime Minister and the Cabinet. Within this level the national policy in all domains — political, economic, social, and administrative — is set. Within this level of authority also lies the responsibility of supervision of the implementation of the policy.

2. **The Sectorial Ministries.** The cabinet is divided into a number of ministries based on the sectorial structure of the economy which is in harmony with sectorial classification of the plan. Each ministry is highly specialized in one of the branches of the economy. Within the authority of each ministry

is the direction, coordination and supervision of the general organizations within the respective economic sector.

3. **The General Organization.** The third level of organizational structure is the General Organization. The General Organization is a government-owned, organized, and controlled mechanism for the public sector. Every General Organization is given the responsibility of managing a group of companies with the same line of activity. The General Organizations are classified on functional or sectorial bases of the economy.⁽⁶⁰⁾

4. **Productive Units.** These are the individual corporations within the production or service sector. The productive unit is that unit which actually conducts the business within the public sector of the economy.

Figure 2 shows the new institutional structure of the Egyptian economy.

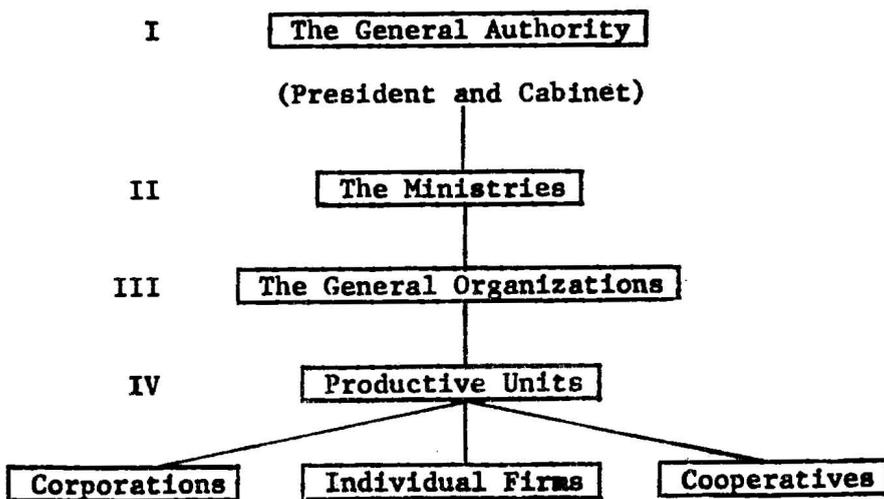


Figure 2.—The institutional structure of the U.A.R. economy.

(60) Appendix A shows the different ministries and the general organizations related to them.

6 — The Application of the Arab Socialist Philosophy

Ten years after the revolution of 1952 in Egypt, a new change in the national philosophy of the country took place in the economic, political and social fields by the declaration of the National Charter on May 21, 1962. The movement to a new philosophy of Arab socialism represents a third phase of revolution in the Egyptian system, as stated by San-Eki Nakooka :

the political revolution which aims at national liberation, the social revolution which attempts to do away with feudal elements in society, and the socialist revolution which is to build up the new pattern of the nation state.⁽⁶¹⁾

The National Charter includes ten chapters concerning the new ideology as follows : general view ; the necessity of the revolution ; the roots of the Egyptian struggle ; the Morale of the Setback ; True Democracy ; on the inevitability of the **socialist solution** ; Production and Society ; the socialist application and its problems ; Arab unity ; and foreign policy. It is the purpose of this part to show and illustrate the main features of Arab Socialism as being a factor of change in the ideological framework of the Egyptian society. This part will include the meaning of Arab Socialism, and the major features as represented in the relationship between heavy industries and consumer goods, and the relations between the private sector and the public sector.

a. **Meanings of Arab Socialism.** An attempt to define Arab Socialism always reflects the idea of its relationship to socialism ; this leads the investigator to ask a simple question, What is Arab Socialism ? and, What is the difference between Arab Socialism and socialism as such ?⁽⁶²⁾

As for the first question, let us first define socialism :

(61) Nakooka, San-Eki, «The Agricultural Cooperative in Socialist Egypt», *The Developing Economies* (June, 1965), p. 175.

(62) For complete coverage of the relation between Arab Socialism and other systems, see «Arab Socialism», *The Scribe* (July 23, 1962). It contains Arab Socialism and Capitalism, Arab Socialism and Communism, Arab Socialism and Nationalism, Arab Socialism and Neutrality.

As there are different Socialist systems, there is no clear-cut definition of Socialism, but it can be taken to mean the interference of the government in all spheres of economic activities and its position on the means of production.⁽⁶³⁾

As for Arab Socialism, Nakoota said :

There are, of course, a great many divergences of opinion on the true nature and relevancy of Arab Socialism in Egypt, as may be seen in recent works which argue in the context of socialism, state-capitalism, or capitalism and sometimes in the context of democracy or estatism.⁽⁶⁴⁾

However, according to the National Charter, Arab Socialism means :

Socialism means the setting up of a society on a basis of sufficiency and justice, of work and equal for all, and of production and services.⁽⁶⁵⁾

The President defined Arab Socialism within the framework of social freedom as follows :

So long as social freedom means that every citizen is entitled to a share in the national wealth according to his work, then there should be equal opportunities and rights for all. The national income should be shared by individuals according to everyone's real effort in realizing it.⁽⁶⁶⁾

The problem of Arab Socialism is not a problem of definition, rather a question of thinking and a national philosophy for the whole country, as stated by Hayashi as follows :

Arab Socialism is not the theoretical questions but the way of thinking and philosophy which is meeting the very practical and urgent need of the nation, even if such an attitude might leave some problems unsolved.⁽⁶⁷⁾

(63) Nakata, San-Eki.

(64) Baddaur, Abdel-Fattah, «Socialism and the Salient Features of Arab Socialism», **Egyptian Political Science Review** (Jan., April, 1967), p. 27.

(65) U.A.R., **The Charter**, op. cit., p. 36.

(66) From President Nasser's Speeches : Arab Socialism (by Abdel Moneim El Beih) (Alexandria, 1965), pp. 231. (in Arabic).

(67) Hayashi, Takeshi, «On Arab Socialism», **The Developing Economies** (March, 1964), p. 88.

On the same line of thought, Dayani said :

The importance of UAR's socialism lies in the fact that it stems from no particular abstract model, but is rather an adaptation to the peculiar needs and demands of the country. It can be said of UAR socialism that it is largely what had been done in Egypt during the last decade on the basis of very broad principles, and even before it was consciously realized that this was «Socialism».⁽⁶⁸⁾

b. Major features of Arab Socialism. Two major features are analyzed to show the social change created by socialism philosophy. One is the relationship between industrial goods and consumer goods, and the second is the nature of the relationship between private sector and public sector.

1. Industrial goods, or consumer goods. Arab Socialism philosophy is different from socialistic countries in respect to the policy of heavy industry and consumer industries. The Charter stated the philosophy as follows :

Heavy industry, no doubt, provides the solid foundation to the gigantic industrial set-up. Yet, despite the definite priority that should be given to heavy industry, it must not hamper the progress of consumer industries.

The masses of our people have long been deprived ; to mobilize them completely for the building of the heavy industry and overlook their consumer needs is incompatible with their established right to make up for their long deprivation, and at the same time it delays — with no sound reason — the possibilities of responding to the people's wide hopes.⁽⁶⁹⁾

Such a philosophy has resulted in providing the consumers with consumer goods, durable and non-durables. Here we find the product planning balance between the necessity for heavy industries, and the satisfying of consumer's needs.

(68) Dayani, Bunhan, «The National Charter and Socio-Economic Organization in the United Arab Republic,» **Middle East Economic Papers** (Beirut : American University, 1964), p. 33.

(69) U.A.R., **The Charter**, op. cit., p. 66.

2. **The relationship between private and public sector.** The Charter indicated the role of both the public and private sector in the new society as follows :

First, the creation of a capable public sector that would lead programs in all domains, and bear the main responsibility of the development plan.

Second, the existence of a private sector that would, without exploitation, participate in the development without the framework of the overall plan — provided that the people's control is increased over both sectors.⁽⁷⁰⁾

Moreover, private ownership and the might of inheritances are not abolished. The private sector participates with the public sector in the shaping and development of the society.⁽⁷¹⁾

The role of both public and private sectors can be summed up as indicated in the Charter as follows :

First — In the field of production in general : The major skeleton of the production operation such as the railways, roads, ports, airports, the potentialities of the driving force, the dams, means of seas, land and air transports and other public services be within the framework of public ownership.

Second — In the field of industry : The majority of the heavy, medium and mining industries should be part of public ownership. Although it is possible to allow private ownership in this domain, such private ownership should be controlled by the public sector.

Light industries must always be beyond monopoly. Though this field is open to private ownership, the public sector must have a role enabling it to guide that industry to the people's interest.

Third — In the field of trade : Foreign trade must be under the people's full control. Hence, all important trade

(70) United Arab Republic, **The Charter** (Cairo : Information Department, n.d.), p. 51.

(71) Baddoun, Abdel Fallak, «Socialism and the Salient Features of Arab Socialism», **Egyptian Political Science Review** (January - April, 1967), p. 33.

must be within the framework of the public sector. Though it is incumbent upon private capital to participate in export trade, the public sector must have the main share in that field to preclude all possible fraudulency. If a percentage could be defined in that field, the public sector must be in charge of three-quarters of exports, while encouraging the private sector to shoulder the responsibility of the remaining share.

The public sector must have a role in internal trade. The public sector should, within the coming eight years — remaining period of the first overall development plan for doubling national income in ten years — take charge of at least one-fourth of the internal trade to prevent monopoly and expand the range of internal trade before private and cooperative activities. It should be understood, of course, that internal trade is service and distribution against reasonable profit which, under no circumstances, should reach the extent of exploitation.

Fourth — In the field of finance : Banks should be within the framework of public ownership. The role of capital is a nationalist part and should not be left to speculation and adventure. In addition, insurance companies should be within the same framework of public ownership for the protection of a major part of national savings and to ensure its sound orientation.⁽⁷²⁾

Conclusion

Since the 1952 revolution in Egypt major social changes have taken place on an evolutionary nature. Although for some observers it looks as if there is no line to follow or a philosophy to trace. The answer to such light observance is that the six principles that were stated could be considered the road toward the changes that took place. The Charter and the Constitution are also major sources of change. Social changes are not an easy ride. It is a rugged road which needs continuous adjustment to problems of change and a lot of flexibility for adjusting to the problem and environment that faces such change.

(72) United Arab Republic, *The Charter* (Cairo : Information Department, n.d.), pp. 51 - 55.

The Egyptian model here has been looked at on two periods of time : 1952 - 1967, which has been the body of this study. Part two will cover the period 1967 - 1974 for the second stage.

As far as this study is concerned four major elements were selected to measure social changes in Egypt : namely, Land Reform, the nationalization of the economy, the adoption of comprehensive planning, and the application of Arab socialism.

It should be noted for any researcher of the Egyptian model of social change that the country suffered four major wars which have affected the smoothness of the change and made some of the fruits of the change not noticeable.

In summary, away from Professor Hansen's analysis of Arab socialism in Egypt this study made more details of the three major evolution steps that paved the road toward Arab socialism which was his major concern.
