

**The Metamorphoses of the State:**  
Observations on the Political Economy of Egypt

# First Republic

The Egyptian at the Helm:  
Nasser and the Masses



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# **The Metamorphoses of the State: Observations on the Political Economy of Egypt**

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## **Chapter 1: The Egyptian at the Helm: Nasser and the Masses <sup>1</sup>**

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<sup>1</sup> This paper benefited from research and data collected for the Post-Colonialisms Today project (2017–present) administered by Regions Refocus. For more information, see <https://postcolonialisms.regionsrefocus.org>.

## Series Introduction

In this series we do not aim to offer an all-encompassing view of those years since the monarchy was abolished, as such an undertaking would be far beyond our reach in this space. Instead, our purpose is to give a view of the political economy of the republics that have been established since. This purpose is informed by a Gramscian analysis of the power structures in the Egyptian society in the last seven decades. In particular, we focus on how the power ebb and flow, the rise and fall of political factions, has not only altered the economic orientation of the Egyptian state, but the very socio-political fabric thereof, to a degree that it becomes necessary to analyze the preceding and succeeding orders as two different republics instead of a singular republic developing. These alterations could be the result of an acceleration of previous policies and further entrenchments of the power dynamics that prompted them as is the case between the second and third republics. Or a complete reversal of power arrangements and a reneging of established economic and political covenants that upturn the entire social contract as the one we witness in the transition between the first and second republic. Our motivation behind this project is to debunk the literary appeals that have been long used in the Egyptian political discourse about “al-Hokm al-‘Askary” (Military Rule) as a monolithic political, economic, and social project that has been in effect since the dawn of the republic and reduce it to what it actually is, a poetic appeal that is insufficient as a serious tool of analyzing the Egyptian case, in order to shed the narrative of the current misgivings of our reality as being the direct and eventual results of the sins of our fathers seven decades ago. Thus, we divide the republican period into three distinct republics each with its own vision, appeal, national projects, and narrative that transcends mere uniforms and grounds itself in material analyses of the relations of power and the political and economic conditions informed by them.

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## Note on Transliteration

For ease of access to bibliographical sources, we include Arabic-language references transliterated to Roman alphabet. Since no single nonspecialized reader would be equally familiar with all popular systems of transliteration, and to suit our purposes of simplicity and brevity, we follow a slightly modified version of the romanization style developed by the *Encyclopedia of Islam*, introducing these minor changes: *t̤* instead of *th* for the Arabic *thā’* (ث), *j* instead of *dj* for the *jīm* (ج), *ḳ* instead of *kh* for the *khā’* (خ), *ḍ* instead of *dh* for the *dhāl* (ذ), and *ġ* instead of *gh* for the *ghayn* (غ).

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## Introduction

As tempting as it is to throw around terms like al-Hokm al-‘Askary (Rule of the Military) to describe the entire republican history of Egypt, such blanket terms only serve to impoverish the discourse and endanger any real examination of 65 years that elapsed since the monarchy was abolished. One does not need to be a seasoned analyst to see in the clearest of terms that republican Egypt has had many tribulations and trials—it has morphed more than once to the extent that older iterations of it are almost unrecognizable looking at the current manifestation of it. While there is something to be said about the effects of the fact that the majority of Egyptian presidents came from a military background, the assumption that this makes them all interchangeable, equal, or follow the same course would be incredibly misleading.

It is from this point of departure that our research begins. Since the revolution<sup>2</sup> of 23 July 1952 and the establishment of the republic the following year, the Egyptian state has undergone changes that were fundamental to how it views and conducts itself that they can be considered different republics altogether. And while it is impossible to cut hard and fast dates for when each republic ended and the next began, we can pinpoint the seminal dates for the beginning of the end for one iteration, and the birth of the next. In this endeavour to dissect the republican history of Egypt, the authors of this research saw no better tool to perform such a task than Antonio Gramsci’s ‘Historical Bloc.’<sup>3</sup>

Gramsci’s ‘Historical bloc’ does not see the state as a thing imbued with its own independent existence, but rather sees the state as the configuration of relationships between the different socio-political forces on the scene, with their respective political power and subsequent representation in the state’s form, depending on their economic and social locations. The synthesis of these forces forms the state, and as these forces’ power ebb and flow, the state will reshape itself; transform to reflect this new power constellation.<sup>4</sup> These forms are usually expressed as the coalition between a primary force and a secondary ally, as no singular force is able to hold onto the reins of power on its own. As this state-form attempts to rule, it has two main tools at its disposal—consent and coercion, or, in layman’s terms, the carrot and the stick. While no state has ever survived by sole use of one implement without the other, state-forms tend to have a preferred method to secure their legitimacy. For these forms to rule, they need to

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<sup>2</sup> Although we recognize the vast dispute surrounding the July 23rd Movement, our usage of the word “revolution” here is to facilitate describing the event and recognize its revolutionary effects on Egyptian Society, not to claim that it was a popular revolt.

<sup>3</sup> Although the term originated with Georges Sorel, we use it strictly in its Gramscian sense, as explained in the next paragraph.

<sup>4</sup> Stephen Gill, “Epistemology, Ontology, and the ‘Italian School’” in Stephen Gill, *Gramsci, Historical Materialism, and International Relations*, Cambridge: Cambridge University Press, 1993, pp. 39–41.



secure the active consent of the population, such as can be achieved through the use of ideology and tradition to create cultural hegemony. Cultural hegemony is the ideological frameworks and apparatuses that dominate the mainstream intellectual discourse of a society, allowing for the construction of what may be called consensus.<sup>5</sup> However, should these forms fail to rule hegemonically, they will resort to coercion. As such, the greater the cultural hegemony achieved by the state-form, the less violence it has to implement to keep its citizens in line. From this vantage point, we can see that there was a distinctive period in Egypt that we can refer to as the First Republic. This republic started crowning on July 23rd 1952 and after some sixteen months of political infighting between the surging powers, it was solidified in November 1954 with the downfall of Muhammed Naguib, and the rise of Jamal Abdel Nasser. While Naguib remains a darling of the speculative crown to this day, with each giving their hypothetical utopia or dystopia that could have been if he had emerged triumphant, the reality is that Nasser outmaneuvered him successfully at every turn, to form the republic as he envisioned it.

## The General and the Colonel

It is rather rare to have a state-form completely associated with a singular character as the first republic is associated with Nasser. Even in layman's parlance until this day "ad-Dawlah an-Nasseriya" (The Nasserite State) survives in the collective consciousness as a distinct period of history that begins and ends with Nasser. *So, what is it that made this republic so distinctive from its preceding monarchy, and its succeeding republics?* The answer arguably lies in the formation of its historical bloc, mainly that it was the only iteration of a state in Egyptian history, where workers and peasants were included into the historical bloc. This is not to say that the First Republic was a workers' state; in fact, its birth paralleled the executions of two labor agitators.<sup>6</sup> The actual primary partner in that historical bloc was capital, specifically productive capital. However, as actions speak louder than words, and every leader in Egyptian history has spoken about the rights of workers and peasants and promised to improve their lot, we found it better to analyze the political economy of that republic as if it truly functioned as that alliance it proclaimed to be.

Before delving into the details of the Egyptian political economy scene and the republic's attempt to manufacture consent, we should remind the readers of how exactly a young and brooding colonel outmaneuvered the decorated general at the helm of the presidency. We will shy away intentionally from discussing the power struggle within the Revolutionary Command Council (RCC) and the army, as it

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<sup>5</sup> See T. J. Lears, "The Concept of Cultural Hegemony: Problems and Possibilities," *The American Historical Review*, 1985.

<sup>6</sup> See Joel Beinin and Zachary Lockman, *Workers on the Nile: Nationalism, Communism, Islam, and the Egyptian Working Class, 1882–1954*, Cairo: The American University in Cairo Press, 1998.



is incredibly difficult to get a consensus on what actually transpired in these backroom meetings. However, we will focus on the part of the struggle that was plain for all to see. While Naguib, the charismatic and decorated war hero, was building an image of himself as a fatherly and folksy figure, and trying to establish mass appeal with the different segments of society,<sup>7</sup> Nasser could not use the platform of the presidency, and had to be far more focused, perhaps due to limited resources, and perhaps because he realized that he only needed key factions to win.

Therefore, Nasser focused on building support and not popularity. Nasser—minister of interior and deputy prime minister at the time—effectively utilized the new labor laws passed under the RCC rule that protected workers from arbitrary dismissals, and protected their rights to organize.<sup>8</sup> This utilization manifested itself in gradually laxer policing of strikes, and finally culminated in the refusal to breakup the 27–29 March general strike. The strike, which was centered around public transportation workers, effectively paralyzed Cairo as it demanded that the March 5th decisions—a bundle of decisions headlined by a quick return of parliamentary rights—be overturned. The March 5th decisions were heavily associated with Naguib, and initially thought to be very popular, but as popular as they were for the upper classes, for the workers and peasants they were far more ominous. The workers feared their new protections would be rolled back if the old politicians got in the saddle again, the peasants feared that the very same politicians who almost exclusively came from the landed gentry would overturn the land reform laws that promised them a way out of paupery.<sup>9</sup> Nasser picked his historical bloc there and then, while Naguib was allying with the traditional elites, effectively trying to put a new face to the monarchy, Nasser realized the potential of the working class, and successfully used this alliance to dispatch Naguib.<sup>10</sup>

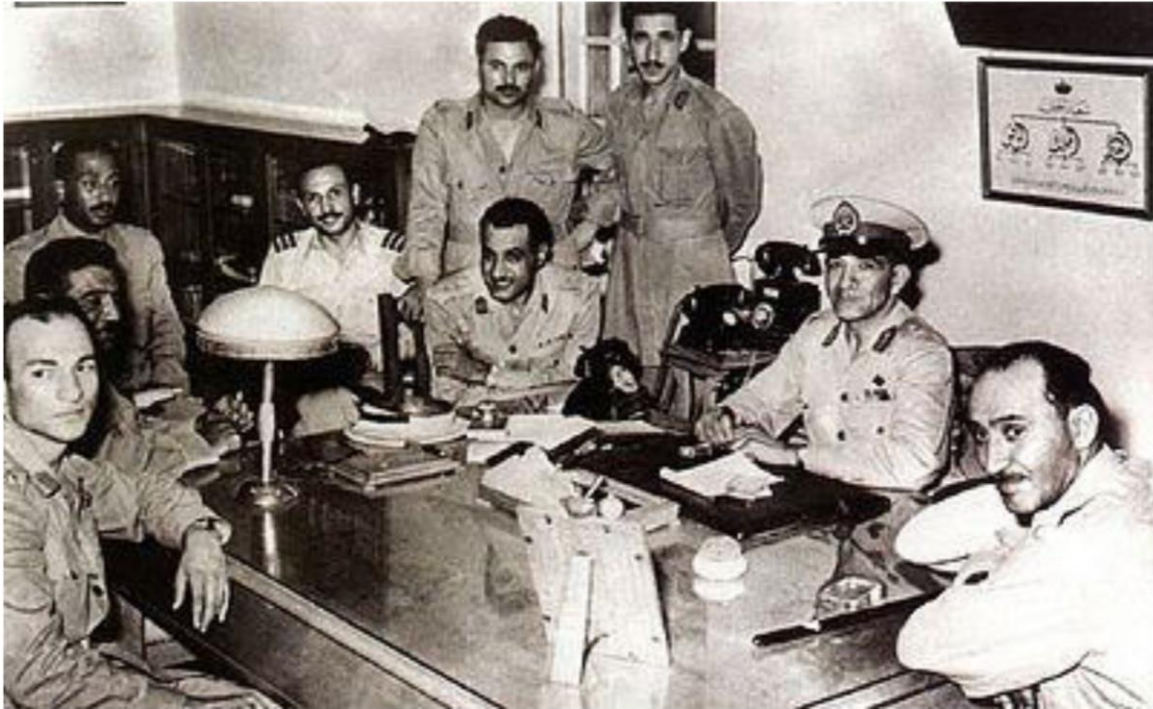
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<sup>7</sup> Khaled Mohieddin, *Wal'ān atakallam* [And now I speak], Cairo: al-Ahram Center for Translation and Publication, 1992, pp. 235–242.

<sup>8</sup> Mohieddin, pp. 294–313.

<sup>9</sup> Ibid.

<sup>10</sup> While we do not know and cannot assert when Nasser made that decision to ally with the working class and trade unions, we do know that it had been in the works for a while before his infamous clash with Naguib in 1954. While a cynical view prevails in some works seeing Nasser as merely using the working class to achieve his ends, such a view neglects two important factors—the first being the agency of the workers which in such a view are seen as mere puppets with no organic goals or interests of their own that put them at odds with Naguib and his allies, and the second being Nasser's policies once he came to power which did serve to improve the lot of the Egyptian working class.



**The Revolutionary Command Council one day after seizing power. General Mohammed Naguib is sitting at the desk, Colonel Nasser (center, seated) is smiling.<sup>11</sup>**

Naguib was forced to surrender when the police and the army, respectively commanded by Nasser and his close ally Abdel Hakeem Amer, refused to break the strikes and protests. The March 5th decisions were revoked, and Naguib remained a husk on his throne until he was finally removed in November of the same year, and put under house arrest. As such the newborn republic was brought into this world, based on the alliance of Nasser and his officers with the class of workers and peasants.

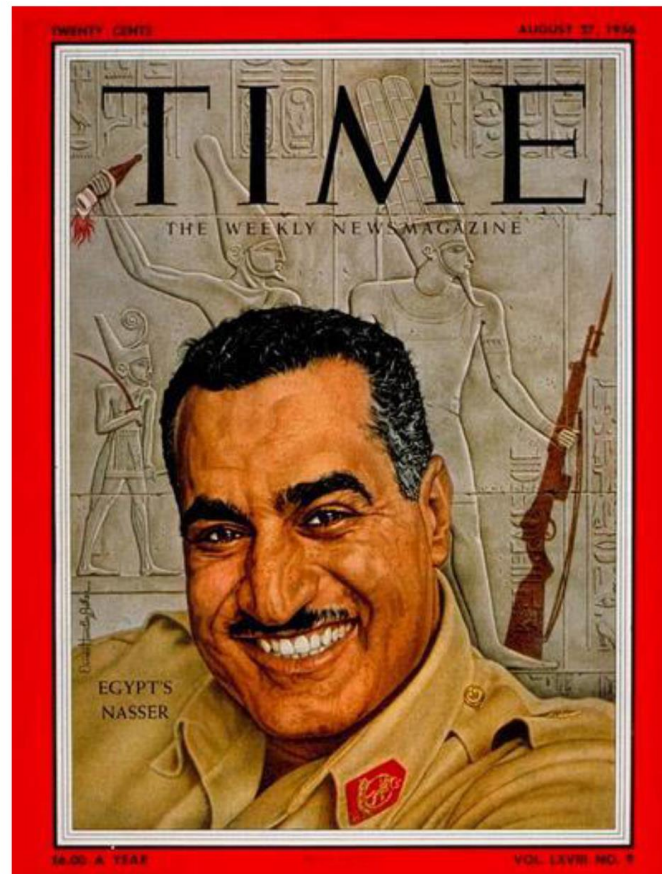
After Naguib's forced resignation in November, Nasser officially assumed office as the head of the Revolutionary Command Council (RCC) until 1956 when he was elected president, an office he will hold until he dies on September 28th 1970.

## **The Colonel's Republic**

In 1954, the world was far from a stable place. The Mau Mau rebellion in Kenya was reaching a fever pitch, Iran had just suffered a CIA-backed coup against the Mossadegh government, Guatemala was also witnessing a CIA-backed coup against Jacobo Arbenz, and as the Korean war wound down the year before, the

<sup>11</sup> Pinning down the original sources of the pictures became near impossible due to both the time lapsed and their wide circulation. However, they all fall now within the purview of public domain.

war in Vietnam was ramping up, and closer to home a coup d'état against Adib El Shishkali in Syria took place. Meanwhile, in the Soviet Union, the only global counterweight to the U.S., Khrushchev was still solidifying his power base and untangling the messy backstabbing politics of the aftermath of Stalin's death. The historical context within which Nasser rose to power was extremely delicate and fluid. As such, any change in the historical bloc within Egypt would reverberate across the entangled world it inhabited, which made Nasser—contrary to popular stereotype—exceptionally careful and calculating.



**Time magazine cover shortly after the nationalization of the Suez Canal showing Nasser in his military uniform smiling against the backdrop of a pharaonic relief incorporating Molotov cocktails and modern rifles.**

Despite this, it is important to note that Nasser did not come to power with a set ideology, but repeatedly described himself as rooting ideology in praxis,<sup>12</sup> something well-reflected in the policies we will discuss later on. The fact that Nasser did not have a set ideology did not mean he lacked a vision: he had a vision, albeit a very broad one. Nasser envisioned an Egypt that is independent

<sup>12</sup> See Gamal Abdel Nasser, *Falsafat al-thawrah* [The philosophy of the revolution], Cairo: National Publication House Press, 1954.

economically and politically, an Egypt that is self-sufficient, sporting an industrial base to meet its needs and wean it off importation even if that vision was not anchored into any clear ideological line<sup>13</sup>—a vision that many today would say falls under the Import Substitution Industrialization (ISI)<sup>14</sup> umbrella. If such a policy was to succeed, a middle class was first required to create the aggregate demand needed to support the nascent industries, and second, a heavy focus on industrial investment should be in place. Basically, the First Republic was tied to the working class—its creation, its mobilization, and its satisfaction. Any failure in any of these aspects, could bring the entire republic tumbling down.

To realize his developmental plan, Nasser and his regime realized that institutions of certain types and structures had to be established to assure the implementation of the policies they saw fundamentally needed. These fundamentally needed changes included co-opting the majority of the masses into a new social contract, while simultaneously eliminating all political elements who advocated for a more radical program and real representation.

All over, these structures largely mirrored the Leninist single-party state ideals, where the party acted as a vehicle of national mobilization and articulated the state's developmental policy.<sup>15</sup> In reality, in doing so, the party was aided by the regime's cooptation of the labour unions.<sup>16</sup> Thus, such a tactic gave the party the needed support to keep the expanding working class in check. Administratively, apparatuses such as the Economic Organization, al-Nasr Organization and Misr Organization were summoned to handle the administrative and executive tasks of regulating the state's expanding industrial base and overseeing the desired integration/interaction of its different sectors with each other.<sup>17</sup> On the bigger picture, enveloping these structures or apparatuses was the overarching configuration based on a certain interpretation of the central planning approach, which unfolded first in the form of the industrial plans and later in the shape of five-year development plans. This planning approach acted as the enveloping structure within which both the economy and polity were to operate. The peak of the approach came with the launching of two 5-year plans, starting from the early

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<sup>13</sup> Mohieddin, pp. 235–242.

<sup>14</sup> “Import Substitution Industrialization” is a broad approach to economic policy aiming to replace foreign imports with national production through large-scale industrialization, usually connecting this “self-sufficiency” to political independence and decolonization.

<sup>15</sup> Through Nasser's regime, the Party's name was changed three different times, *hai'at al-tahrir*, *al-Ittihad al-qawmy*, *al-Ittihad al-Ishtraki al-'arabi*. See Hamada H. Ahmed Mohamed, *al-tanzimāt al-siyāsīyah le thawrat yolho 1952* [The political organizations of the 1952 July Revolution], Cairo: al-hai'a al-mišriyah al-'amma lil-kitāb, 2002.

<sup>16</sup> Beinun and Lockman.

<sup>17</sup> Amal Deif Basiouny, *Šinā'at al-ğazl wal nasīj fī mišr byn al-quyūd wal tahrīr: al-ab'ād, al-tahadiyāt, ro'ya lil-mustaqbal* [The spinning and weaving industry in Egypt between shackles and liberation: dimensions, challenges, a vision for the future], Cairo: al-ahrām al-iqtisādī, 2007, p. 11.



1960s (though the second plan was never completed with the defeat of 1967).<sup>18</sup> Yet, and despite some positive achievements such as the foundation of about 800 factories, especially between 1962–1968,<sup>19</sup> and the issuing of a land reform law, fatal mistakes inscribed within the regime’s plans later proved to be detrimental for its success.

As a chronological narrative of events might be too tedious and confusing, we have resigned to form the rest of this paper as separate evaluations of different aspects of the economic policies and the socio-political implications thereof, until such a point where they can be safely rethreaded into a conclusionary tapestry.

## Agricultural and Land Reform: The Limits of a Radical Plan

If we are to speak about the achievements of the first republic under Nasser’s regime, it is inevitable that we discuss the changes it implemented within the agricultural realm, notably the land reform laws and the new tenancy laws. Still, as much as these laws all signaled the initiation of a radical change, considering the extensive concentration of land and widespread exploitative practices upon the peasants in the pre-1952 days, the limitations inscribed within these laws or loose application prohibited a formidable radical change from taking place, especially in the case of the original land reform of 1952. By that, we do not imply that such laws had no long lasting effects or that they failed in bettering social and economic conditions for masses of Egyptians. Rather, this is meant to question and infer the extent to which the free officers’ regime was willing to go in terms of enforcing a tangible change in the socio-economic structure of the Egyptian society. This is so, as by 1965, 45% of rural families were landless and the top 5% of the owners continued to own about 43% of the cultivated land in Egypt, meaning that the ameliorating effects might not be as extensive as commonly believed.<sup>20</sup> So, to cut a long story short, it is our aim here to revisit these ‘achievements’ in an attempt to reevaluate their effects. That being the case, the following discussion is not an all-inclusive one that encompass each and every change that the Nasserite regime introduced in the realm of agriculture. Rather, it

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<sup>18</sup> Patrick O’Brin, *The Revolution in Egypt’s Economic System: from Private Enterprise to Socialism*, London: Oxford University Press, 1966, p. 104, and Anouar Abdel-Malek, *Egypt: Military Society; the Army Regime, the Left, and Social Change under Nasser*, New York: Random House, 1968, pp. 109–111.

<sup>19</sup> Yusuf Abd Allah Sayigh, *Iqtisādiyyāt al-‘ālam al-‘arabī: al-tanmiyah mundu al-‘ām 1945* [Economies of the Arab world: development since 1945], vol. 2, *al-bildān al-‘arabiyah al-afriqiyah* [Arabic African countries], Beirut: al-mu’asasah al-‘arabiyah lil-dirāsāt wal-nashr, 1984, p. 51.

<sup>20</sup> Timothy Mitchell, “The Representation of Rural Violence in the Writings on Political Violence in Nasserist Egypt,” in Farhad Kazemi and John Waterbury, *Peasants and Politics in the Modern Middle East*, Miami: Florida International University Press, 1991, p. 225. According to other estimates, landless peasants increased to reach almost 3 million peasant by 1971. See R. Hrair Dekmejian, *Egypt under Nasir: a Study in Political Dynamics*, Albany: State University of New York Press, 1971, p. 131.

focuses on those changes which, in our opinion, were the most symbolic of the regime's intentions.

Despite being well-recorded in the literature and among those who lived through the period, it is rarely mentioned in mainstream narratives nowadays that the land reform law was modified later in two separate stages, in 1961 and 1969, after its initial enactment in 1952. Each of these changes reflected a change in the regime's orientation, which originally had no specific ideology to follow when it rose to power, that could guide its management of the obstacles it faced.<sup>21</sup>

To begin with, the original land reform law was passed in 1952, only 45 days after the formation of the new regime.<sup>22</sup> Although its promulgate was seen as nothing less than controversial, it is important to keep in mind that calls for its enforcement went back to the pre-1952 days,<sup>23</sup> and were accompanied by a number of strikes and clashes between peasants and landlords resulting from the feudal practices that the latter followed.<sup>24</sup>

On the surface, the law is generally seen as an attempt by the new regime to appease the rural masses (with Egypt back then being mainly an agricultural country with a weak, but growing, industrial base) and to gain their support by strengthening the small landowners.<sup>25</sup> The trends established by the land reform law not only saw small landholders increase in numbers and in ownership, but also saw some of them graduate into medium ownership brackets by buying up land from the large landholders who had to sell their lands to avoid sequestration. Yet, more deeply, it aimed for dismantling the economic base of the elite landowners class, whose economic interests were conflicting with the general changes the new regime sought to carry out.<sup>26</sup>

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<sup>21</sup> Hamid Ansari, *Egypt: the Stalled Society*, Albany: State University of New York Press, 1986, p. 97.

<sup>22</sup> Saqr Abdel-Sadiq Hilal al-Nour, *al-'arḍ wal-fallāḥ wal-mostaṭmer: dirāsaḥ fiḥ al-mas'alah al-zirā'iyah wal-filāḥiyyah fī miṣr* [Land, peasants, and investors: a study in the agricultural and peasant questions in Egypt], Cairo: al-Marāya Publishing House, 2017, p. 58.

<sup>23</sup> Because of the increasing inequality caused by the ill-concentration of land among a small number of owners, several ideas were advocated to help stop poverty from advancing and causing social instability. So, in 1944, the parliament put forth a proposal to limit land ownership to 50 feddans, and to 100 feddans in a later proposal. The initiative was however turned down by a majority of wealthy landowners. Earlier, the first Socialist Party had advocated confiscating lands beyond 50 feddans without compensation and having the land redistributed among landless peasants. See *ibid*, pp. 59–60, and Samir Radwan, *Agrarian Reform and Rural Poverty: Egypt, 1952–1975*, Geneva: International Labour Office, 1977, pp. 3–8.

<sup>24</sup> al-Nour, p. 61. For forms of the landlords' opposition to the law, see Ibrahim 'Amir, *al-'arḍ wal-fallāḥ: al-mas'alah al-zirā'iyah fī miṣr* [The land and the peasant: the agricultural question in Egypt], Cairo: Maṭba'at al-dār al-miṣriyyah, 1958, pp. 145–147.

<sup>25</sup> There are different classifications of landowners, but the one we use here is based upon the classification most dominant in the archives, which breaks peasants down into small owners (peasants, owning 1–5 feddans), medium owners (rich peasants as the Umdas who own 5–50 feddans), and large landowners (of more than 50 feddans). See Gabriel Baer, *The History of Land Ownership in Modern Egypt, 1800–1950*, London: Oxford University Press, 1962.

<sup>26</sup> Ansari, p. 81.





**A fellah kisses Nasser's forehead after receiving his land plot allocation.**

According to the law, owners were no longer allowed to own more than 200 feddans with an additional 100 feddans for the dependants (wife and children), with these lands confiscated to be redistributed to small peasants and tenants.<sup>27</sup> Ironically, the World Bank categorised the law as a liberal and harmonious one.<sup>28</sup> Still, because of the compensations the law offered, it is seen by some writers as far from being radical, even by the standards of its time.<sup>29</sup> For example, it offered compensation for each confiscated feddan that was calculated at seventy times the basic land tax of 1949, which was almost 3 pounds per feddan (approximately 210 Egyptian pounds).<sup>30</sup> Along the same lines, it is crucial to remember that the

<sup>27</sup> The Law permitted the landowners an extremely lengthy time period—five years from the issuing of the law—to sell their lands before being confiscated by the state. See al-Nour, p. 69.

<sup>28</sup> Ibid, p. 62.

<sup>29</sup> Fathi Abdel-Fatah, *al-Nāṣiriyyah wa tajrubat al-thawrah min a'lā: al-mas'alah al-zirā'iyah* [Nasserism and the revolution from above: the agricultural question], Cairo: Dār al-fikr lil-dirāsāt wal-nashr wal-twazī', 1987. Of course, this did not stop wealthy landlords from trying to prevent the implementation of the law. A prominent case was that of al-Sayid Adly Lamloum in Minya—see al-Nour, p. 58.

<sup>30</sup> Mahmoud Abdel-Fadil, *Development, Income Distribution and Social Change in Rural Egypt (1952–1970): A Study in the Political Economy of Agrarian Transformation*, Cambridge: Cambridge University Press, 1975, p. 8. Only in 1964 did

law was approved and even applauded by local industrialists like those of the Federation of Egyptian Industries, who did not only see in it a confirmation of the importance of industrialization and thus a cementation to their position, but also viewed it as a means to avoid social unrest<sup>31</sup> in light of the hardships peasants were living under.<sup>32</sup> Moreover, the actual figure of land confiscated is disputed between a number of scholars. Nonetheless, the most reliable among them concludes that lands expropriated and available for redistribution did not exceed a half million feddans, meaning that the redistribution process was extremely moderate as it did not involve more than 8.4% of Egypt's cultivated land.<sup>33</sup> While this is technically true, it only accounted for the first round of sequestrations following the 1952 law, and did not account for later modifications on the land reform law. More importantly, it omits the law's effect which forced large landowners to offer up some of their excess estates for sale, the volume of which brings the total movement in land ownership due to the law's direct and indirect effects to over 13.8% of the total cultivated area.<sup>34</sup> By the same token, the land reform law did not include the desert and uncultivated lands in its limitations on ownership, meaning that owners still enjoyed the right to own a higher number of feddans than those mentioned in the law, though uncultivated.<sup>35</sup> Additionally, peasants who managed to get lands were ordered to pay sums for the land over a period of 30 years that equalled the compensations the government set for the original owners, plus interests of 3%, that was later in 1961 decreased to 1.5%.<sup>36</sup> However it is very important to note that the scholarship around the land reform law is pervaded by a debate surrounding who qualified to receive redistributed land, with a number of scholars, including al-Nour<sup>37</sup> and 'Amir stating that landless peasants were excluded from the process completely and that they received none of the fruits of reform whatsoever.<sup>38</sup> In our understanding, this

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the government issue a new law cancelling the compensation payments, 12 years after the enactment of the land reform law. See al-Nour, pp. 62–63.

<sup>31</sup> 'Amir, p. 143.

<sup>32</sup> Similarly, the recommendations of American experts saw in the law a continuation to the process of soliciting agricultural private property in Egypt. See Fathi Abdel-Fatah, *al-qaryah al-miṣriyah: al-milkiyah wa 'alaqāt al-intāj, al-qaryah al-mo'āṣerah byn al-iṣlāḥ wal-thawrah, 1952–1970, al-thaqāfah wal-thawrah* [The Egyptian village: ownership and relations of production; the modern village between reform and revolution, 1952–1970, culture and the village], Cairo: al-hai'a al-miṣriyah al-ʿamma lil-kitāb, 1991, p. 203.

<sup>33</sup> Abdel-Fadil, p. 9. Others, such as al-Nour, puts the amount of land redistributed at 13% of Egypt's total cultivated land, see al-Nour, p. 62.

<sup>34</sup> Check table 2 for more information. In relation to the modification of the law in 1969, Mark Cooper asserts that even though it lowered the maximum of holding further, very little lands passed from the medium and large owners to small owners. See Mark Cooper, "Egyptian State Capitalism in Crisis: Economic Policies and Political Interests, 1967–1971," *International Journal of Middle East Studies*, Vol. 10, No. 4, 1979, pp. 493–494.

<sup>35</sup> The inclusion of these types of lands into the limit came only in 1969 with the modification of the law for the last time. See al-Nour, p. 65.

<sup>36</sup> In 1961, the remaining unpaid sums for lands obtained were halved and their interests were halved before being halved again in 1964. See al-Nour, p. 65.

<sup>37</sup> Ibid, p. 63.

<sup>38</sup> 'Amir, p. 155.

stance is based on the assumption that since the law did not *name* the landless peasants (i.e. did not mention them directly in the legal text) as one of the benefactor categories, they were exempted from the redistribution process.<sup>39</sup> But this view is countered *indirectly* by other scholars such as Gabriel Saab<sup>40</sup> and R. Hrair Dekmejian.<sup>41</sup> For instance, Saab's account offers us a detailed reading of the law as it delves into the hierarchy of eligibility which prioritized reallocation in the following order; full tenants, sharecroppers, farm labourers (landless peasants), and lastly poor locals with large families and farmers in the vicinity.<sup>42</sup> So, while landless peasants were not the first target of the reform, they were by no means neglected let alone excluded. Following the same line of thought, the regime actually made a point of targeting landless peasants for the distribution of cattle and livestock in areas where no more land was available for redistribution.<sup>43</sup> This reading of the law is also supported statistically by the sudden addition of roughly two hundred thousand small landholders in the aftermath of the 1952 law, so that by 1965 the total increase in small holdings would reach up to almost four hundred thousand new small landholders (see table 2). Similarly, citing the National Bank of Egypt's 1961 *Economic Bulletin*, Dekmejian mentions that 120,000 landless peasants received 430,000 feddans from the government.<sup>44</sup> These facts beg some vital questions regarding the neglect of this counter-vision. First, if the law actually handed lands to the landless, how did so many authors overcome this fact in a way that eventually created a belief that the regime excluded landless peasants from the process? Second, is it possible that the phrasing quoted by scholars as Dekmejian was incorrect or at least imprecise in the sense that it lacked a thorough understanding of the conditions surrounding the landless category? Is it possible that the original source of the phrasing, the National Bank of Egypt, which used to act as the Central Bank of Egypt until the establishment of the current Central bank in the 1960s, purposefully used the word "landless" for propaganda or to add to the legitimacy of the regime among the masses? Or was it common to use "landless" as a reference to the poorest strata of peasants? Third and last, as part of the later modifications to the law, were the landless peasants' named directly in the law and made one of the benefactors? We leave these questions here unanswered as we did not find any conclusive answer to any of them. Yet, it is these sorts of questions that prove

<sup>39</sup> For this reading, see Mohamed Ali 'Arafa, *Sharḥ qānūn al-iṣlāḥ al-zirā'ī waṣṣaqan lema 'odkila 'alyhi men ta 'dīlāt wa iḡāfāt tashrī'iyah ḥatta 'akir dīsambir sanat 1953, wa 'ala ḡaw' al-qararāt al-tafsīriyah allati aṣḡaratha al-lagnah al-'olya lil-iṣlāḥ al-zirā'ī* [Explaining the land reform law according to modifications and amendments introduced until the end of December 1953, and in light of its interpretation by the higher committee for land reform], Cairo: Dar akbār al-youm, 1954, pp. 105–108.

<sup>40</sup> While al-Nour mentions this hierarchy, his analysis gets mixed up with the actual legal text, leading to unsubstantiated assumptions and conclusions.

<sup>41</sup> See Dekmejian.

<sup>42</sup> Gabriel Saab, *The Egyptian Agrarian Reform, 1952–1962*, London: Oxford University Press, 1967, pp. 34–36.

<sup>43</sup> Ibid, pp. 116–117.

<sup>44</sup> Dekmejian, p. 123.

that there are so many stereotypes about the Nasserite era that remain unresolved. Hence, it showcases the necessity of revisiting Nasser's era and its political economy.

## Agrarian reform lands and their redistribution.<sup>45</sup>

Requisition		Distribution		
Origin of Requisitioned Land	Area (feddans)	Year	Area (feddans)	Number of Beneficiaries (families)
First Agrarian Reform Law 1952 (including Royal Family Estates)	450,305	1953	16,426	4,784
		1954	65,285	24,295
		1955	66,687	31,588
		1956	35,558	15,678
Religious Mortmaines 1957	110,451	1957	42,067	19,701
		1958	42,920	17,045
		1959	5,982	2,447
		1960	23,426	10,345
Second Agrarian Reform Law 1961	214,132	1961	28,381	9,291
		1962	106,150	31,605
Charitable Trust 1962	38,336	1963	90,172	107,286
		1964	121,645	
Sequestered Land	69,323	1965	26,013	12,013
		1966	25,668	
Aliens' Farm Properties 1963	61,910	1967	58,107	31,298
		1968	20,531	8,295
Others (taken over from other organizations)	25,979	1969	22,743	9,056
		1970	19,777	7,255
Total	970,436		817,538	341,982

By 1961, with the initiation of the socialist reforms and the nationalization of enterprises, the Nasserite regime turned to modifying the Agrarian laws. Hence, a new limit on ownership was set and reduced the ceiling of ownership to just 100 feddans instead of 200, with the entire family holdings not to exceed 300 feddans.<sup>46</sup> Additionally, it set the limit on land holding (ownership and lease) at 300 feddans, as to stop rich peasants (the medium category of owners) from further expanding their ownerships.<sup>47</sup> However, these changes were not implemented, as Mahmoud Abdel-Fadil points out.<sup>48</sup> As a matter of fact, the limited extent to which the regime was willing to go became so obvious in the national charter, also known as *al-mithaq al-watni* (inaugurating the beginning of the so-called socialist measures).<sup>49</sup> The charter clearly stated that the land reforms

<sup>45</sup> Radwan, *Agrarian Reform and Rural Poverty*, p. 17. Please note that figures in table 1 refer only to land sequestered and distributed by the agrarian reform authorities and hence exclude about 215,000 feddans reclaimed and distributed during the same period.

<sup>46</sup> The law defines "family" as nuclear, as opposed to extended, family. This definition was retained until the late 60s, when the regime interfered to change it, as we will explain later. See Ansari, p. 87.

<sup>47</sup> Ibid.

<sup>48</sup> Mentioned in al-Nour, p. 64.

<sup>49</sup> For more on the National Charter, see Alan W. Horton, "The Charter for National Action of the UAR: A Resume of the Complete Document," *NorthEast Africa Series*, Vol. 9, No. 5, 1962, online [PDF] at <http://www.icwa.org/wp->



were not meant to change the private owned lands into a public property, because such a change would not help in solving the agricultural problem in Egypt. Moreover, the charter highlighted the regime's belief in the importance of maintaining individual private ownership over the lands while extending it to new owners.<sup>50</sup>

Looking into table 2, a seismic shift in the ownership structure is easily observed. By 1965, over 21.7% of the cultivated area changed hands from large ownerships to small landholders, making them the dominant ownership base perhaps for the first time in history. Meanwhile, medium ownerships increased both in total land area and the number of owners, as some small farmers managed to climb up the ownership ladder, although their share of the cultivated area as a percentage continued to hover around 30% for the duration of the period as their gains were eclipsed by the small landholders gains from reclaimed lands.

## Development in Landownership Distribution, 1952-1965.<sup>51</sup>

Size Class (feddans)			Small Ownerships	Medium Ownerships			Large Ownerships			Total
			Less than 5	5 - <10	10 - <20	20 - <50	50 - <100	100 - <200	200 and More	
Distribution Before 1952 Law	Land Ownership	Number (000)	2,642	79	47	22	6	3	2	2,801
		Percentage	94.3	2.8	1.7	0.8	0.2	0.1	0.1	100
	Total Area	Feddans (000)	2,122	526	638	654	430	437	1,177	5,984
		Percentage	35.4	8.8	10.7	10.9	7.2	7.3	19.7	100
Distribution after 1952 Law	Land Ownership	Number (000)	2,841	79	47	30	6	3	2	3,008
		Percentage	94.4	2.6	1.6	1.0	0.2	0.1	0.1	100
	Total Area	Feddans (000)	2,781	526	638	818	430	437	354	5,984
		Percentage	46.6	8.8	10.7	13.6	7.2	7.2	5.9	100
Distribution after 1961 Law 127	Land Ownership	Number (000)	2,919	80	65	26	6	5	0	3,101
		Percentage	94.1	2.6	2.1	0.8	0.2	0.5	0	100
	Total Area	Feddans (000)	3,172	526	638	818	430	500	0	6,084
		Percentage	52.1	8.6	10.7	13.4	7	8.2	0	100
Distribution in 1965	Land Ownership	Number (000)	3,033	78	61	29	6	4	0	3,211
		Percentage	94.5	2.4	1.9	0.9	0.2	0.1	0	100
	Total Area	Feddans (000)	3,693	614	527	815	392	421	0	6,462
		Percentage	57.1	9.5	8.2	12.6	6.1	6.5	0	100

Mistake in the original  
this should be 46.5%

Mistake in the original  
this should be 7.3%

Mistake in the original material  
as the numbers add up to 100.3%

The regime expected that a parcelization of land process would happen eventually with the death of the families' heads and inheritance, which would help squeeze the individual ownership to 50 feddans by 1970. However, such a process never materialized. This is why the regime came up with the third land reform law in 1969, limiting individual ownership to 50 feddans only and the entire family ownership to 100 feddans.<sup>52</sup>

Is the aforementioned enough to say that the land reform, regardless of the certain revolutionary aspects it carried, was limited in impact? To assess this, we should reconsider the findings of the Higher Committee for the Liquidation of Feudalism (HCLF, dominated by the presence of top military officers and administrators of

<content/uploads/2015/09/AWH-5.pdf>, and also Baha Abu-Laban, "The National Character in the Egyptian Revolution," *The Journal of Developing Areas*, Vol. 1, No. 2, 1967.

<sup>50</sup> al-Nour, p. 57.

<sup>51</sup> Abdel-Fadil, *Development, Income Distribution, and Social Change*, p. 11.

<sup>52</sup> Ansari, pp. 120–121.

the regime), which was established in 1966 amid social unrest and especially after the murder of the prominent Marxist activist Salah Hussein in the same year by some large landowners in Kamshish.<sup>53</sup> The Kamshish episode, which was instigated by the aggression of large landlords, revealed, in contrast to what many believed, that the influence of the latter in a number of rural areas was not diminishing at all.<sup>54</sup> Indeed, the multiple methods they used to evade the land reform laws were nothing less than a direct violation, that the regime could not have unintentionally missed. Here, any claims that the regime might have lacked the evidence on the practices of such landlords (due to the domination of the latter over the peasants living within their realms of power)<sup>55</sup> seems to be cynical, especially when combined with the fact that these “Upper-Stratum” landlords continued to perform the role of mediator between the rural peripheries and the urban (political) center by their presence in the political sphere (parliaments) in the post 1952 days. Furthermore, the reluctance of the committee to investigate all of the landlords who were possibly evading the law is a case in point in the complicity of the regime in these violations.<sup>56</sup>

Moving back to the details, the committee revealed that the numerous cases of violence practiced by big landlords against small peasants reached the extent of torture, forced disappearances and murder.<sup>57</sup> Another form of violation happened in registering the actual amount of land the owners control, as the official figures used to exclude the lands that owners were renting out. Instead, rented lands were registered under the name of the tenant.<sup>58</sup> It was also discovered that this process of evasion took the form of redistributing the excess lands within the family instead of selling them outright to others. In this manner, owners were not held responsible for breaking the ceiling of ownerships set by the law and at the same time they did not lose control over such lands due to the kinship solidarity which enabled them to remain the de facto controllers of the land.<sup>59</sup>

All in all, from 1952 to 1970, the land acquired by the state under the land reform law were 944,457 feddans, of which 817,538 feddans were distributed among 341,982 families, with an average of 2.4 feddans per family (below the minimum

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<sup>53</sup> In this context, mainly in 1964 and 1965, a number of protests occurred, some of them violent, where peasants clashed with the regime’s bureaucracy in the cooperatives over the widespread corruption this bureaucracy oversaw and tolerated. See Esmail Hosseinzadeh, “How Egyptian State Capitalism Reverted to Market Capitalism,” *Arab Studies Quarterly*, Vol. 10, No. 3, 1988, pp. 309–310.

<sup>54</sup> Mitchell, p. 238.

<sup>55</sup> Ibid, pp. 222–224.

<sup>56</sup> Ansari, pp. 101–102, 140.

<sup>57</sup> For examples of the cases mentioned in the committee’s final report, check Mitchell, pp. 223–225 and Mohamed Rashad, *Sirrī jiddan: min malaḥḥāt al-lajnah al-‘ulya li-taṣfiyat al-iqtā’* [Top secret: from the dossiers of the Higher Committee for the Liquidation of Feudalism], Cairo: Dār al-Ta‘āwun, 1977.

<sup>58</sup> Footnote 6 in Mitchell, p. 246.

<sup>59</sup> The heads of families continued to possess power over the rest of their families and that is why the committee moved to suggest the enforcement of a collective responsibility punishment over families found guilty. See Ansari, pp. 118–119.



of 3 feddans per family the regime promised).<sup>60</sup> Of these, only 272,305 feddans were sequestered from large landowners under the first law.<sup>61</sup> Here, one has to recall ‘Amir’s critical insight that this amount of feddans was insufficient, as the estimate at that time for feddans needed per family for sustenance stood at 5 feddans per family. Thus, this was one of the critical limitations causing the first version of the law to be less effective than it should have been.<sup>62</sup>

Additionally, the dominance of large and medium owners over administrative and executive offices (and agricultural cooperatives)<sup>63</sup> prevented the small peasant from showing their discontent with the widespread fraudulence, including the forceful signing of blank promissory notes to the landowners and lack of access to capital and agricultural supplies offered by the agricultural cooperatives.<sup>64</sup> Furthermore, landowners in certain areas managed to force the tenant peasants to pay higher rents than the official ones. There are several examples of this. For example, in Minya, the official rent was fixed at EGP 32, however some landlords extracted a rent of EGP 55, while the unofficial rent averaged EGP 60–70 in Sohag. In terms of wages, it is reported that landlords commonly paid the agricultural workers less than the official daily minimum wage of 18 piasters for men and 10 piasters for women. In fact, the maximum wage that agricultural workers received in Beheira and Minufiya was 10 piasters, and reached 15 piasters in Daqahliya and only 8 piasters in Beni Suwayf.<sup>65</sup>

## Changes in Tenancy Laws and the Effects on the Income Distribution<sup>66</sup>

Introducing the first land reform law was perhaps the more efficient change in the tenancy law.<sup>67</sup> This change helped to curb the feudalist practices that landowners exposed the peasants to. Still, as the large and medium landowners managed to

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<sup>60</sup> Abdel-Fadil, *Development, Income Distribution, and Social Change*, pp. 9–10.

<sup>61</sup> Radwan, *Agrarian Reform and Rural Poverty*, pp. 16–17. An additional 178,000 feddans were sequestered from the royal family.

<sup>62</sup> ‘Amir, p. 153.

<sup>63</sup> As part of the land reform process of 1952, the state nationalized the independent cooperatives movement which existed since the beginning of the century, then issued a law in 1960 to establish the Public Cooperatives Organization, which was to oversee the cultivation process all over Egypt and ensure that peasants were following the regime’s instructions—in terms of crops cultivated—and supply them with the fertilizers and seeds they needed. See al-Nour, pp. 67–68.

<sup>64</sup> Ansari, p. 97 and al-Nour, p. 69.

<sup>65</sup> Ansari, p. 134. Based on the reports of the HCLF, it seems that these were not individual cases but formed a trend. Also see Rashad.

<sup>66</sup> As with other parts of the reform, the fact that certain rights were given to peasants, in terms of rents and wages, does not mean that they were perfectly applied or even applied across the country with the same level of scrutiny. In other words, these were rights guaranteed by law, so one has to be careful not to assume that all of these rights were effectively actualized, or have been realized nationwide with the same scrutiny.

<sup>67</sup> Again, Cooper asserts that the “new law regulating landlord-tenant relations was specifically aimed at encouraging the private sector to play its proper role. While not giving free play to private interests, it did return certain rights to the landlord.” See Cooper, “Egyptian State Capitalism in Crisis,” p. 493.

maintain political influence, the changes that this law instituted nevertheless fell short from completely eliminating feudal practices.

As part of the initial land reform, tenancy laws saw an overall change and the maximum limit set at (land taxes times 7) for the rents. Accordingly, tenants were no longer obliged to pay more than that limit, as was the case during the pre-1952 days. Moreover, the landlord's share from cropping was reduced to a maximum of 50% of the crop and all returns were to be shared equally.<sup>68</sup> Also, the same law carried changes that prohibited the owner from evacuating the tenant as long as the latter is cultivating the land, and a minimum period of 3 years was imposed on rent contracts.<sup>69</sup> Later, in 1966, another change was enacted by which landlords were no longer able to banish tenants even after their contracts expired, unless the contract was breached, and finally, the law amendments reserved tenants' right to pass on their tenancy to any of their offspring working in agriculture.<sup>70</sup> Despite these legal protections, there is still evidence from the HCLF that evictions and land exploitation of tenants at the hands of landlords still took place.<sup>71</sup>

It is true that at the beginning, the decline in the number of absentee landlords allowed the tenants to increase their share of agricultural value by one third. However, as Abdel-Fadil notes, these changes were not permanent structural changes in the distribution of agricultural income as landlords later managed to force the tenants to pay higher rents than those set by the law.<sup>72</sup> Similarly, the real wage for agricultural labourers was in decline over the same period due to the continuing increase in the prices of food.<sup>73</sup>

In passing, it should be noted that perhaps the biggest change all of the reforms managed to do was to consolidate the capitalist relations of production, growing in the Egyptian society from the beginning of the century, and doing so by setting a limit on the feudalist exploitation (especially for the landless peasants, who were being gradually transformed into formal agricultural workers). However, as we tried to show, it did not totally eliminate landless peasants.<sup>74</sup> In this process, we can identify other signs of the growing capitalist tendencies in the same

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<sup>68</sup> Ansari, p. 133. In the pre-1952 days, rent was one of the peasants' main problems, as landlords (mainly absentee) used to speculatively raise it regularly. See al-Nour, p. 66.

<sup>69</sup> al-Nour, p. 66.

<sup>70</sup> Ibid, p. 66.

<sup>71</sup> Ansari, p. 134.

<sup>72</sup> Abdel-Fadil, *Development, Income Distribution, and Social Change*, p. 54. As for the effect of this change in tenancy laws on income distribution, when about 40% of Egypt's cultivated area was under tenancy by 1961, see *ibid*, p. 17.

<sup>73</sup> Ibid, p. 65–70.

<sup>74</sup> As for agricultural labourers' wages, 'Amir mentions that some laborers in the countryside suffered as landlords started laying off what they found to be extra labor in the wake of the first wave of confiscations. As such, they were paid less than they were supposed to. Likewise, the demand for agricultural labor was severely affected by the fact that owners in the newly established farms worked their own lands, and thus usually refrained from using additional help. See 'Amir, p. 156.

period. For example, the increasing number of machinery used: the use of irrigation machines doubled from 13,399 in 1950 to 27,157 in 1961 and the number of tractorised farms increased from 8,617 to 11,378 in the same period.<sup>75</sup> In addition, this act of reform managed to some extent in breaking the concentration of wealth in agricultural activities, in an attempt to gear it towards industrialization. This is illustrated for example by the exemption of company-owned lands from the law.<sup>76</sup>

## A Revolutionary Political Representation?

Officially, those disempowered in the pre 1952 coup/revolution days were no longer compelled to live through this misery of not speaking their minds against exploitation again. Yet, by scratching the surface of the new regime rhetoric and delving into its practices, one would be astonished by the amount of oppression it carried out in the name of revolution. Surely, the general political oppression of Nasser's regime is well-known, especially against workers and political activists, and is usually used to shame the entire Nasserite experience.<sup>77</sup> But, without neglecting how unrevolutionary such actions were, it is not our intention here to highlight the political disempowerment of peasants under Nasser just to reiterate this limited focus on the absence of spaces of expression and repeat this type of criticism. Instead, we are highlighting this oppression to infer the reactionary continuities that willingly persisted throughout the Nasserite regime, and stalled the realization of truly progressive social change.<sup>78</sup>

In one of the earliest accounts criticizing the revolutionary limits of Nasser's regime, Anouar Abdel-Malek wrote in 1968 on how efforts to reorganize local governments did not produce any radical departures as the National Assembly of 1956 was full of "prosperous men ... and provincial delegates" who favoured the old agrarian system and that the single party approach Nasser devised restored many of the old order's men into areas of power.<sup>79</sup> In another study from 1978, Leonard Binder found that the traditionally influential families had a member or two elected to the local committees, and that the majority National Assembly officers at the district level had *izba* owners ancestors.<sup>80</sup>

The Socialist reforms initiated in the 1960s repeated the proclamation that all those "feudalists" averse to social change would no longer be eligible to

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<sup>75</sup> Ibid, pp. 32–33.

<sup>76</sup> 'Amir, p. 148.

<sup>77</sup> Benin and Lockman.

<sup>78</sup> In many instances, Nasser stated his rejection of the idea of class struggle as a means for eradicating class conflict. Instead, he advocated class coexistence and peaceful solutions. See Ansari, p. 88.

<sup>79</sup> Abdel-Malek, pp. 118, 367.

<sup>80</sup> Leonard Binder, *In a Moment of Enthusiasm: Political Power and the Second Stratum*, Chicago: The University of Chicago Press, 1978, pp. 76–78.

participate in the political life and hence would not be considered part of the popular forces (of professional syndicates, trade unions agricultural cooperatives, intelligentsia, nationalist capitalists, and the armed forces) and so would not be represented in the newly established Arab Socialist Union (ASU) created to replace the National Assembly. Specifically, the charter decreed that 50% of seats in all elective bodies would be reserved for delegates of workers and peasants.<sup>81</sup> Related here is that the class basis of the regime did not significantly change with the new members elected to the ASU in 1963.<sup>82</sup> As for the landless peasants, there were some official attempts by the ASU to unionize such individuals in Shubra and to end the old system of labor contractors (middlemen). The latter used to sell the labor power of the agricultural workers to government land reclamation projects and agricultural cooperatives at a profit. However, these attempts failed as the largest local employer (the Agricultural Reform Cooperative) remained reluctant to extend the needed funds and resources for the union to succeed.<sup>83</sup> Therefore, all in all, it seems fair to say that the new regime did not reach its potential in implementing changes that would grant the landless or small owners access to a real representation.

## Agricultural Investments

Attaining food self-sufficiency was one of Nasser's overarching goals. Noting the limited size of cultivated land and concentration of ownership, the regime announced its intention in 1953 to continue with the land reclamation program (launched in 1951 with the help of the USA) and aimed at distributing these reclaimed land among small owners.<sup>84</sup> In fact, the high population density made such a change inevitable.<sup>85</sup> However, in spite of the heavy investment the regime directed towards this project (154 million pounds out of 208 million given to the agricultural sector in the five-year plan of 1960–1965), the project did not yield what was hoped from it: by 1972, the total number of reclaimed feddans being cultivated did not exceed 518,000, of which just 345,000 were “marginally productive.”<sup>86</sup> Another source puts the actual number of feddans reclaimed between 1952–1970 at almost 900,000.<sup>87</sup> However, the same source maintains

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<sup>81</sup> Interestingly, the criteria defining a peasant was not clarified beyond “individuals owning less than 25 feddans,” and remained this way until 1967, when Nasser announced that the “true fellah (peasant)” was the one who owned less than 10 feddans. See Ansari, p. 88 and footnote 23 on p. 274.

<sup>82</sup> Binder, p. 312.

<sup>83</sup> In this case, the Agricultural Reform Cooperative was dominated by small landowners who opposed the idea of unionizing agricultural labor. See Mitchell, pp. 240–241.

<sup>84</sup> al-Nour, p. 129. The American surplus food and loans for land reclamation were maintained until the mid 1960s. See Tom Little, *Modern Egypt*, London: Ernest Benn Limited, 1967, p. 230.

<sup>85</sup> Alan Richards, “Egypt's Agriculture in Trouble,” *MERIP*, Vol. 10, 1980, online at <https://www.merip.org/mer/mer84/egypts-agriculture-trouble>.

<sup>86</sup> Quoted in *ibid*.

<sup>87</sup> Sarah Voll, “Egyptian Land Reclamation Since the Revolution,” *Middle East Journal*, Vol. 34, No. 2, 1980, pp. 128–129.

that most of these were marginally productive or even below the marginal productivity level, noting that from 1967 some reclaimed lands were sold or distributed before reaching that marginal productivity.<sup>88</sup> Moreover, the actual cost per feddan were much higher (averaged between EGP 480–1000) than the government estimated (EGP 165).<sup>89</sup> This failure should not be taken as a sign of neglect towards agriculture. On the contrary, the regime invested a lot in this sector. Between 1952–1968, the share of agricultural investment as a percentage of the total public expenditure increased from 11.6% to 16.8%.<sup>90</sup> This increase was mainly attributed to attention given to hydraulics such the Aswan High Dam.<sup>91</sup>

Without dispute, the Aswan High Dam project was one of the greatest achievements of Nasser's regime, particularly for its effects on agriculture, power generation, and agricultural yield, despite its violence, negative consequences, and dispossession of the Nubian population. Built in the 60s, the dam was created to stop the water from flooding large areas of cultivated lands, and to store this water for later usage (in Nasser Lake),<sup>92</sup> in addition to generating large quantities of electricity for the first time in Egypt's history. In October 1967, the first generating unit was installed with an output of 71 MkWh, and by 1972 the dam was responsible for about 50% of Egypt's total generated power.<sup>93</sup> On another level, it is estimated that the dam increased the yield with some 20% as a result of the shift it enabled from the autumn to summer maize. Moreover, the increased supply of water offered by the dam permitted a shift from planting wheat to rice in some parts of the delta, and from cotton to sugar in parts of upper Egypt.<sup>94</sup> The suspended sediment content of the water was remarkably decreased.<sup>95</sup> It is true that after the construction of the dam, a reduction in fish catch occurred. However, that had little to do with the dam. Rather, it was caused by military considerations.<sup>96</sup>

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<sup>88</sup> Ibid. It should be noted however that the available sources do not clarify whether selling and distributing reclaimed lands was a trend implemented by the government or was it only carried out in certain exceptional cases.

<sup>89</sup> Richards.

<sup>90</sup> Ibid.

<sup>91</sup> The high cost of this project alone lead to neglecting other drastic problems as the malfunctioning drainage system. When the World Bank withdrew its support, the Soviet Union stepped in and provided the necessary funds to complete the project. This inaugurated the beginning of Nasser's political shift towards to Soviets. See *ibid.*, and Little, p. 230.

<sup>92</sup> The entire flow of the Nile was stored in the dam from 1967 onwards. See Asit K. Biswas and Cecilia Tortajada, "Impact of the High Dam of Aswan," in Cecilia Tortajada et al, *Impacts of Large Dams: A Global Assessment*, Berlin: Third World Centre for Water Management, 2012, p. 384.

<sup>93</sup> M. A. Abu-Zuid and F. Z. el-Shibini, "Egypt's High Aswan Dam," *Water Resources Development*, Vol. 13, No. 2, 1997, p. 212.

<sup>94</sup> Richards.

<sup>95</sup> Biswas et al, p. 389.

<sup>96</sup> Ibid.



After surmounting the obstacles that ranged from the high cost and its inevitable political ramifications (dependence on the bipolarity of the international politics) and the inconsistent working conditions of the workers who built the dam,<sup>97</sup> the completion of the dam meant the forceful dislocation and dispossession of the Nubian population living in the area and the destruction of their villages.<sup>98</sup> To this day, there are legitimate calls among the Nubian population removed by force to return to their lands, or be fairly compensated.<sup>99</sup>

Finally, concerning the agricultural production during the Nasserite era, dependence on cotton exports was obvious in the mid-1950s when it represented about 80% of total exports.<sup>100</sup> This was so because cotton yielded higher returns than other main crops such as wheat. Therefore, it can be noticed that from mid 1950s, wheat importation started, so that by 1966, only 47% of consumed wheat was locally produced.<sup>101</sup> So, the government enforced a new rule that prevented farmers from growing cotton on more than one-third of their land and made them plant at a minimum one-third of their lands with wheat. As a result, the cotton-grown area decreased from 1.8–1.9 million feddans in 1958 to 1.6 million feddans in 1961.<sup>102</sup> Other traditional crops, such as rice, cereals, barley, and maize (field crops), were being produced but all combined had the same level of returns in comparison to cotton alone.<sup>103</sup>

In the same period of the mid-sixties, vegetable and fruit production was expanding. Still, it did not exceed 10% of the total agricultural production.<sup>104</sup> More importantly, the regime had no control over the prices of grocery products, as these were primarily cultivated outside of the cooperative system (with the latter focused mainly on field crops), which the regime regulated through its control over the inputs (seeds, pesticides and fertilizers).<sup>105</sup> Because field crops represented only one-third of the annual income of large landowners, in comparison to 80% of the annual incomes of small landowners, this granted the large landowners the freedom and the space to accumulate wealth by charging

<sup>97</sup> See Youssef Fakhoury, *al-tārīk al-insānī lil-sad al- 'ālī* [The humanitarian history of the High Dam], Cairo: al-hai' a al- 'amma li-qusūr al-thaqāfah, 2016.

<sup>98</sup> For more on the case of the Nubian population and the High Dam of Aswan, see *Environmental Justice Atlas*, "Aswan High Dam, Egypt," online at <https://ejatlas.org/conflict/aswan-high-dam-egypt>.

<sup>99</sup> Ibid.

<sup>100</sup> International Bank for Reconstruction and Development (IBRD), *The Economy of the United Arab Republic*, Vol. 1, Washington, D.C.: The International Bank for Reconstruction and Development, 1966, p. 2.

<sup>101</sup> Ibid.

<sup>102</sup> Ibid, pp. 17–18.

<sup>103</sup> Ibid. It should be noted however that the unavailability of enough water supply affected the yields of crops like rice from the 1950s onwards. See IBRD, *Present Economic Position and Prospects of the United Arab Republic*, 1959, p. 11.

<sup>104</sup> IBRD, 1966, p. 2.

<sup>105</sup> Mark Cooper, "State Capitalism, Class Structures, and Social Transformation in the Third World: The Case of Egypt," *International Journal of Middle East Studies*, Vol. 15, No. 4, 1983, p. 455.



the prices they saw fit for the grocery products.<sup>106</sup> Shying away from having a strict control over such indispensable products for the majority of the masses (already suffering from malnourishment in the previous decades)<sup>107</sup> could not be seen except as undermining the process of development hoped for.

## “Change in area and yield of major crops 1950/1954 to 1963/1965”<sup>108</sup>

Crop	1950-1954 (Average Per Year)		1958-1960 (Average Per Year)		1963-1965 (Average Per Year)	
	Area	Yield	Area	Yield	Area	Yield
Cotton (Lint)	1,765	214	1,846	249	1,622	306
Wheat	1,571	774	1,452	999	1,261	1,130
Berseem	2,184	-	2,397	-	2,469	-
Maize	1,746	879	1,878	879	1,604	1,196
Rice	519	1,600	651	2,114	921	2,289
Vegetables	300	-	497	5,640	595	7,500
Fruits	93	-	124	5,146	164	4,757
Sugarcane	96	34,458	112	38,393	132	38,500

Average based on Oranges
Data Based on 1963 and 1964 only

Percentage-wise, between 1960–1964, wheat-cultivated area represented 13.5% of the total cultivated area while maize and cotton had 17% each from the total cultivated land. Other crops such as rice received 8% from the cultivated area, sugarcane 1.2%, millet 5%, fruits and vegetables stood at 7.1%, berseem clover took 24% and finally other crops had 7.2%.<sup>109</sup>

Based on the above, we are inclined to reiterate the urgency of recognizing that although Nasser did initiate and implement some revolutionary measures in the agricultural realm, these measures had vital limits inscribed within them. These limits, eventually, prevented a radical social transformation from taking place and eased over-turning this whole orientation in later decades. Again, this is not to say that Nasser’s reforms in agriculture had no effect whatsoever. Rather, keeping in mind the context of the Nasserite experience, it could have created a much bigger change, which could mean that any change beyond what actually happened was not the type of change that Nasser’s regime wished to realize. Interestingly, as the following part shows, a similar pattern of internal limits imposed by the regime itself can be traced within the industrialization program. The latter’s implementation, considered by the regime as the cornerstone of its independence,

<sup>106</sup> Ibid, p. 456.

<sup>107</sup> For more on the health conditions prevailing in Egypt and the shortcomings of Nasser’s healthcare system, especially in rural areas, see Raymond W. Baker, *Egypt’s Uncertain Revolution Under Nasser and Sadat*, Cambridge: Harvard University Press, 1978, pp. 218–234.

<sup>108</sup> IBRD, 1966, p. 18.

<sup>109</sup> Abdel-Fadil, *Development, Income Distribution, and Social Change*, p. 34.

went ahead to achieve unprecedented results that proved to be vital for the regime's early successes. Nonetheless, one wonders about what could have happened, in terms of the regime's sustainability, if these limitations were avoided.

## Industry: Manufacturing the New Republic

At his moment of ascension, Nasser was a largely ideologically-malleable character. His use of the term "Arab Socialism" always bore an emphasis on the special nature of it and its differentiation from the Socialism of the Soviet Union, the People's Republic of China, and their allies. With this in mind, Nasser's work actually reflected a popular trend among Arab Socialists that a bourgeois revolution was necessary first to bring about the transformation needed in relations of production that would eventually bring about socialism. In that venue, Nasser at first viewed the state as a guiding mentor that ensures that the capitalist class fulfill its historic role. As such, Nasser did not immediately interfere in the realm of industry, waiting till 1956 to create a Ministry of Industry, around the same time of the decision to nationalize the Suez Canal which triggered the Tripartite Aggression.<sup>110</sup> During the war, the Egyptian state decided to nationalize all the aggressors' assets within the republic, and created the Economic Organization in order to oversee these assets in 1957. Less than a year after, Nasser decided to reorganize the Federation of Egyptian Industries (FEI)<sup>111</sup> by Decree 453/1958, largely revamping it, and establishing several new chambers for nascent industries (e.g the chamber of Engineering industries).<sup>112</sup>

These decisions, taken in the context of reorganizing the Egyptian economy, were aimed to consolidate the Egyptian industrial base into recognizable sectors<sup>113</sup> that can be addressed collectively to facilitate their communications and coordination with the government. It should be noted, however, that on the eve of these decisions the Egyptian economy was still dominated by private capital: in fact, the creation of the chambers within the Federation of Egyptian Industries (FEI) was specifically to facilitate coordination between industrial capitalists and the Egyptian Government. At the time, Nasser had still hoped that the national

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<sup>110</sup> Unlike Arabic sources, which refer to it as the "tripartite aggression," English-language sources refer to the same incident as the "Suez Crisis."

<sup>111</sup> The Egyptian Federation of Industries was established in 1922 by a group of foreign but resident industrialists who sought to advocate the interests of industrial capitalists against the dominant large landlords. Gradually, however, Egyptian industrialists were allowed to join, and in 1958, the Federation lost its independent character and transformed into an agency under the Ministry of Industry. See Samer Soliman, *State and Industrial Capitalism in Egypt*, Cairo: The American University in Cairo Press, 1998, pp. 71–72.

<sup>112</sup> Federation of Egyptian Industries, "About FEI," online at <http://www.fei.org.eg/index.php/en/fei/about-fei>.

<sup>113</sup> Robert Mabro and Samir Radwan, *Industrialization of Egypt, 1939–1973: Policy and Performance*, Oxford: Clarendon Press, 1976, p. 39.

bourgeoisie might come to the fore and fulfill its prescribed historical role in the economic development and industrialization of Egypt.

These two organizations, the Federation of Egyptian Industries and the Economic Organization, seem to have been intended to spearhead the modernization of the Egyptian economy. However, as events unfolded, it was clear that the public sector represented by the Economic Organization would take the lead, while the FEI would be relegated to second fiddle. The Economic Organization, which acted as the economic arm of the government, taking over nationalized foreign assets and acting on behalf of the government in joint ventures, grew massively despite its short life, at the end of which in 1961 it had grown to account for over 30% of national industrial output and 20% of the employment of the industrial sector.<sup>114</sup> These numbers are important as they reflect the comparative advantage in productivity that public sector enterprises enjoyed. Of course in admiring this leap in productivity achieved by the Economic Organization, one has to be mindful that this productivity was achieved only as a result of the nationalization of foreign assets and enterprises in the country and the continued effective stewardship of its resources by the republican government. So these figures inform us not only of what the situation was in 1961, but also of the stunted development of Egyptian industrial capital even before the state stepped onto the stage. This value of industrial output vis-à-vis employment also offers us insights into the capital investment directed at the industrial sector, as the value of commodities originating from the same labor, capital, and materials used by both national and foreign private capital would have been the same. The fact that previously foreign-held establishments had a higher output compared to its lower employment could only mean that these establishments had a significantly higher capital investment ratio that persisted after nationalization. This means that private Egyptian capital was reluctant to make long-term investments in productivity even before fear of nationalization could be used as a valid justification. In fact, some writers such as Samir Radwan and Robert Mabro, often refer to the public industrial sector as the sole “modern” industrial sector in Egypt, as the native industrial capital failed to keep a high enough level of investment to keep up with the times, falling into obsolescence by the end of the 1960s. This “reluctance” to invest was the reasoning behind Nasser’s policy shift to a public sector-led industrialization, with private industry relegated to the margins.<sup>115</sup>

In 1960, the first five year plan was announced and put into action. The ambitious plan saw the creation of al-Nasr company for auto-manufacturing, al-Nasr Company for Television and Electronics, and al-Nasr Company for Steam Boilers and Pressurized Vessel among many others. The gargantuan public sector that

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<sup>114</sup> Samir Radwan, *Capital Formation in Egyptian Industry and Agriculture, 1882–1967*, London: Ithaca Press, 1974, p. 206.

<sup>115</sup> There is no consensus on explaining this phenomena, so explanations range from the “inborn parasitism” of the Egyptian national bourgeoisie, to structural hindrances defined by international context. However, what we aim to prove here is that explaining this phenomenon as a side effect of nationalization is unfounded.

was the hallmark of the first republic was born. It also saw the Nationalization of some prominent joint ventures such as al-Nasr Philips for Electrical and Electronic devices. All of these newly created companies, along with the nationalized enterprises, were organized under the direct supervision of the minister of industry.<sup>116</sup> While the public sector grew at accelerating rates to be the dominant force in Egyptian industry, one should not be prone to thinking that the entirety of the industrial sector was nationalized. The Republican government was rather selective in its nationalization decisions choosing to nationalize factories that would contribute to its general plan of industrialization. An example of this selectivity is the Ford factories in Alexandria—the sole assemblers of vehicles in Egypt—emerging unscathed from the nationalization process, and while some speculate that it was Nasser’s fear of the United States that protected the factory, others postulate that the factory’s nature as an assembler and not a manufacturer made it completely useless for the Nasserist developmental plan.<sup>117</sup> By the dawning years of the second five year plan, while 90% of the gross value added generated in establishments of 10 or more employees were produced by the public sector, that percentage drops to only 64% when smaller establishments are included.<sup>118</sup> Nasser’s vision for a public sector as the vanguard of the industrialization process without having to be burdened by the minutiae of it was effectively realized.

The republican government’s decision to build an industrial base was not a baseless promise, industry enjoyed the largest share of public investment since 1957 and until the first republic’s demise in the early 1970s. Massive industrial complexes were erected for the manufacturing of steel, steam engines, vehicles, and durable consumer products that aimed to supply the nation’s needs “from the needle to the rocket.”<sup>119</sup> Between 1956 and 1973 Industry’s average share of public investment grew from 23.8% to 33.9% an overall growth of 42.4%. Contrary to current detractors’ claims, these investments were not the least bit wasteful, as within the same period Industry’s contribution to GDP increased from 13.4% to 21.7% a growth of over 61.9%.<sup>120</sup> It is important to note that in these calculations, the construction, transport, and electricity industries are not included, here industry is defined in the narrowest possible sense of manufacturing industries. The investment in the manufacturing and mining industries during the 10 years of the 2 five year plans from 1960 to 1970

<sup>116</sup> Adel Gazarin, *Laqaʿāt min ḥayātī: arba ʿūn ʿāman min al-ṣināʿah fī miṣr* [Snapshots from my life: 40 years of industry in Egypt], Cairo: al-Ahram, 2006, p. 114.

<sup>117</sup> See Robert L. Tignor, “In the Grip of Politics: The Ford Motor Company of Egypt, 1945–1960,” *Middle East Journal*, Vol. 44, No. 3, 1990.

<sup>118</sup> Mabro and Radwan, p. 96.

<sup>119</sup> “Needle to Rocket” (min al-ibrah lil-ṣārūk) was the famous slogan of the Nasserist industrial policy.

<sup>120</sup> Mabro and Radwan, pp. 46–48.

amounted to 912.9 million EGP,<sup>121</sup> the equivalent of almost 2.1 billion USD at the time.<sup>122</sup>



**Nasser visiting Al-Nasr Auto Manufacturing Plant**

The rapid increase in industrial investments translated into higher manufacturing outputs, which doubled between 1954 and 1970.<sup>123</sup> By 1967, the gross value added in manufacturing industries establishments employing 10 or more persons (10&<) had ballooned to over 305.7 million EGP from a mere 74.5 million in 1952—a growth of over 410%. When including smaller establishments, the gross value added increases to 362.8 million EGP. The largest growth registered was in industries that were almost non-existent at the birth of the republic that would come to be termed as engineering industries. Industries such as non-electric machinery, which grew by over 1954.6%, and electric machinery, which grew by 2,908%, where the biggest benefactors even though both combined remained at less than a tenth of the value of the textile industry for example.<sup>124</sup>

These massive developments were of course accompanied by increases in the employment figures in industrial activity (10&<), the number of workers more than doubled from 260,000 workers in 1952 to over 577,000 workers in 1967, an increase of almost 221%.<sup>125</sup> From these figures we can surmise that worker's productivity (10&<) increased by roughly 87.8% over the same period. This rapid increase in productivity completely discredits the narrative that the government's

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<sup>121</sup> Ibid, pp. 68–69.

<sup>122</sup> IBRD, 1966. When adjusted for inflation, the industrial investment of this period is roughly equal to 13.5 billion USD (a quarter trillion EGP).

<sup>123</sup> Mabro and Radwan, p. 87.

<sup>124</sup> Ibid, pp. 99–102.

<sup>125</sup> Ibid, p. 103.



investments were misguided attempts, throwing good money after bad, or that public assets were mismanaged, in fact they reflect a careful and fruitful policy.

The induction of large swathes of workers into the industrial sector however not only did not negatively affect the wages, but compensation rose steadily.<sup>126</sup> The average hourly wage doubled between 1954 and 1970 from 3.7 piasters per hour to 7.4 piasters per hour.<sup>127</sup> Over the course of the first republic, minimum wages were increased three times. Once in 1962, then in 1972, and again in 1974. The first was the largest increase in minimum wage in Egyptian history as it doubled the minimum wage from 12.5 piasters daily, to 25 piasters a day, and although this law did not immediately cover all workers, it covered all industrial workers effective immediately.<sup>128</sup> The decision was taken in the context of the 1961 socialist laws and large scale nationalization, a move that aside from the economic effect of raising workers' living standards and their consumptive ability also served the political purpose of illustrating what they will gain from Nasser's socialism, and thus securing their loyalty. The law also augmented public sector workers' pay by granting them 25% of the net profits of their respective companies.<sup>129</sup> The 1972 law increased the minimum wage from 25 piasters to 30, only to increase again in 1974 to 40 piasters a day, both decisions taken by Anwar al-Sadat in the waning days of the first republic in an attempt to pacify the workers by convincing them that their gains during the first republic will not be eroded. A promise that will be examined more closely in the next paper of this series.

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<sup>126</sup> Several components build up labor compensation, but for lack of space we only measure variation in wages as they usually form the largest and most important of those components.

<sup>127</sup> Mahmoud Abdel-Fadil, *The Political Economy of Nasserism: A Study in Employment and Income Distribution Policies in Urban Egypt*, Cambridge: Cambridge University Press, 1980, p. 33.

<sup>128</sup> Ibid, pp. 28–29.

<sup>129</sup> Ibid, pp. 30–33.



## Highlights of the First Republic



**Nasser and Nikita Khrushchev of the Soviet Union visiting the construction site of the High Dam.**

Of the most renowned actions of Nasser's regime, the nationalization of the Suez Canal in 1956 (to finance the High Dam project from the revenues of the canal) retains its special place, mainly because of the political significance this act carried. This is so because it gave an indication of how far the regime was willing to go against the imperialist powers (after the world bank was forced by the U.S and Britain to withdraw its financial support for the High Dam project)<sup>130</sup> in its attempt to establish a sovereign and independent state. In a word, it was a strictly revolutionary act by a somewhat progressive regime in an era of post-colonial flux. By the same token, this significance is manifested in the huge momentum the regime generated from this act, which enabled it to cement the masses'

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<sup>130</sup> Nadia Farah, *Egypt's Political Economy: Power Relations in Development*, Cairo: The American University in Cairo Press, 2008, p. 34.

support, especially with the victory against the Tripartite Aggression that enshrined Nasser as a hero of independence and anti-colonialism instantaneously.

Apart of this briefly mentioned political significance, the regime invested a lot in the canal, especially in 1958 when it applied for a loan from the International Bank for Reconstruction and Development (World Bank) of 56.5<sup>131</sup> million dollars to “meet the foreign exchange costs of widening and deepening various sections of the canal” in addition to other works of constructions and facilities’ improving for the Suez Canal Authority.<sup>132</sup> To this day, the Suez Canal is one of Egypt’s main sources of foreign exchange.<sup>133</sup>

A more controversial act was the sequestration measures launched by the regime against those individuals and families it saw as enemies to the socialist change the regime was trying to enforce. These measures were politically motivated against those business men and landlords whose material interests were completely clashing with the so-called socialist changes. However, they are usually forgotten or mistaken for nationalization, which is completely different, as it did not deprive the owners from their rights to the property as nationalization did. In fact, the measures offered those affected a fixed salary.<sup>134</sup>

According to some estimates, these measures affected about 4,000 families (7,000 individuals), with assets of EGP 100 million and 122,000 feddans, 1,000 business establishment, 7,000 urban properties, and over EGP 30 million in bonds and stocks.<sup>135</sup> Nonetheless, the regime soon liquidated all these measures in 1964 by a Presidential Decree that transferred all sequestered properties to the Agrarian Reform Bureau with compensations no more than EGP 30,000 to be paid to former owners and that all commercial establishments of less than EGP 30,000 to be returned to their owners.<sup>136</sup> Following this manner, and amid the crisis of 1967’s defeat, Nasser accused the HCLF of being partly responsible for the defeat because of their detaining and exiling of innocent individuals. Accordingly, he agreed to start lifting the sequestration imposed on certain families (88 of 334 families the HCLF had cases against).<sup>137</sup>

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<sup>131</sup> 19.5 million EGP.

<sup>132</sup> IBRD, *Report and Recommendations of the President to the Executive Directors on a Proposed Loan to the Suez Canal Authority*, 1959, p. 2.

<sup>133</sup> Ministry of Finance, *Financial Statement of the State’s General Budget for FY 2018/2019*, Cairo: The Ministry of Finance.

<sup>134</sup> Ansari, p. 89.

<sup>135</sup> John Waterbury, *The Egypt of Nasser and Sadat: the Political Economy of Two Regimes*, Princeton: Princeton University Press, 1983, p. 339.

<sup>136</sup> Footnote 24 in Ansari, p. 275.

<sup>137</sup> By 1970, only 25 cases of sequestration remained unresolved. See *ibid*, pp. 142–143.

## General Finance: Surprising Prudence?

The aim of this section is to give a general view of the first republic's financial situation—was it as wasteful as detractors of socialist and state-capitalist policies argue? Or was it reasonably prudent?

Between 1953 and 1970,<sup>138</sup> the total tax revenue of the republic increased from 134.3 to 385.2 million EGP, amounting to an increase of over 187%. During that period, revenue from direct taxes on incomes and profits increased from 36.8% of total taxes in 1953 to 45% by 1970.<sup>139</sup> The increase in total taxation and in direct taxation especially reflects the new tax laws that were enacted during the republican period, whereby taxes on profits and dividends could be as high as 90% for the highest bracket, which stood at a marginal rate of 90% for incomes of EGP 15,000 or above in 1961 and 95% for the same size of income in 1965.<sup>140</sup>

As for the general budgetary discipline, the last royal budget of 1951/1952 had a deficit of some 38.7 million EGP and 16.6% of total expenditure, that was immediately reduced in the year after to only 10.2 million EGP.<sup>141</sup> By 1966/1967 the deficit stood at 59 million EGP standing at only 8.88% of the total expenditure of that year.<sup>142</sup> In the 15 years spanned, the Egyptian government succeeded in achieving a surplus for the period 1957–1960. During these three financial years, Egypt achieved surpluses of EGP 18.7 million, EGP 9.3 million, and EGP 27.7 million respectively,<sup>143</sup> the last two years of which Egypt was part of the United Arab Republic along with Syria.<sup>144</sup> The surpluses of 1959 and 1960 disappear after the inclusion of the special development projects budget, but the 1958 surplus persists even after this inclusion. It appears as though once the government became confident in its ability to achieve a surplus in current operations, it began investing more boldly and diverting more and more funds to investment projects.

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<sup>138</sup> FY 1952/1953, and 1969/1970 respectively.

<sup>139</sup> IBRD, *The Economic Development of Egypt*, 1955, p. 21, and also IBRD, *Current Economic Position and Prospects of the United Arab Republic*, 1971, appendix Table 5.2.

<sup>140</sup> Abdel-Fadil, *The Political Economy of Nasserism*, pp. 72–78. However, Abdel Fadil mentions completely different tax collection figures. We used the IBRD figures as they directly cite the Egyptian Ministry of Treasury, while Abdel Fadil cites four different secondary sources that supposedly derived their figures from the ministry of treasury.

<sup>141</sup> IBRD, 1955, p. 21.

<sup>142</sup> IBRD, 1971, appendix tables 5.1, 5.2.

<sup>143</sup> IBRD, 1959, pp. 44–48.

<sup>144</sup> For this period the surplus is achieved after the federal contribution of 1958/1959 and 1959/1960 of 71.3 and 95.8 million EGP respectively.

The Naksah of 1967 (Six-Day War) came to put a significant stress on the budget, especially as the military budget ballooned to make up for the lost and destroyed materiel from 166.7 million EGP in 1966/67 to 370.5 million EGP in 69/70.<sup>145</sup>

As to the external interactions of the economy and the overall balance of payments, the 1952 deficit of EGP 57.2 million (roughly 164.1 million USD), was sharply reduced, immediately after the republican takeover, to 9.3, and 0.6 million EGP in 1953 and 1954 respectively. The overall deficit would average EGP 27 million for the remainder of the first republic's days with a brief surplus of 8.7 million EGP in 1968.<sup>146</sup>

During the second world war, particularly in 1943, Mustafa al-Nahhas successfully managed to convert external public debt to domestic public debt as during the time the government recognized that an increasing number of bondholders lived on Egyptian territory and thus would be amenable to receiving their dues in EGP instead of GBP, especially if that meant they would be paid more quickly (before the due dates). Thus in 1943 Egypt suddenly had no external debts.<sup>147</sup> By 1952 Egypt had accrued only 7.9 million USD in foreign loans, while it was still sporting 173 million EGP in domestic debt,<sup>148</sup> the majority of which was the remnant of foreign debts converted during Nahhas's time. This tallies up to 175.5 million EGP in outstanding debts against 1,027 million EGP in Gross Domestic Product,<sup>149</sup> giving a debt-to-GDP ratio of 17% at the birth of the republic. By 1960 the total outstanding debt had risen to 377.5 million EGP, 322 million EGP of which were domestic,<sup>150</sup> against a GDP of 1,492.5,<sup>151</sup> raising the indebtedness rate to 25.3%. Assessment from the early and mid sixties postulated that there was a hump of indebtedness from 1963 to 1968, where the relative debt burden would increase during that period (peaking in 1963), only to decrease rapidly<sup>152</sup> once the developmental projects that merited the loans came on line, a hypothesis that was close to fulfillment until the Naksah.

In 1970, the total outstanding debt would amount to 2,376.3 million EGP, 1,745 of which were domestically held<sup>153</sup>, while the rest were owed to a variety of external debtors. Considering that the GDP at the time was estimated at roughly

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<sup>145</sup> IBRD, 1971, appendix tables 5.1, 5.2.

<sup>146</sup> IBRD, *The Egyptian Economy in 1974: Its Position and Prospects*, 1974, statistical appendix table 3.3.

<sup>147</sup> IBRD, *The External Debt of Egypt*, 1951, appendix B, pp. 3–4.

<sup>148</sup> IBRD, 1955, p. 59.

<sup>149</sup> Hassan Mohamed Amin, *Economic Development and the Price Level in Egypt, 1950–1962*, PhD dissertation, Leeds: University of Leeds, 1965, p. 38.

<sup>150</sup> IBRD, 1959, pp. 26, 59.

<sup>151</sup> IBRD, 1974, statistical appendix table 2.6.

<sup>152</sup> IBRD, 1959, pp. 26–28.

<sup>153</sup> IBRD, 1974, statistical appendix tables 4.2, 4.5.

3,110.6,<sup>154</sup> the Debt-to-GDP ratio surged to almost 76.4%. Much of this debt was raised in the aftermath of the war, especially as the sudden loss of Suez Canal revenue and Sinai oil fields significantly affected the revenue side, while the need for rearmament put significant stress on the expenditure side.

Overall, the fiscal approach of the republican government was extremely disciplined, while still very expansive, and managed to strike a balance between increased social spending and investments on one side and keeping a very low and decreasing deficit on the other. The doubling of the GDP every six years also paints an image of careful planning to economic policy and growth-driving sectors. The worst performer overall in the first republic's deck was the debt issue, while the Nasserite government's prudence was praised by the International Bank of Rebuilding and Development (IBRD) at every turn, the unforeseen circumstances of the 1967 Naksah did not allow for the meticulous plan to unfold exactly as intended.

## Evaluating the First Republic

Noting all of the above shortcomings and successes of Nasser's republic and the fatal deficits engraved within some of the projects it initiated, how can we categorize the whole first republic? Arguably, it is a revolutionary regime that fell short of completely changing the structure of the Egyptian society. The change offered by the republican government offered a new social contract, that was stuck between the idealism of emancipatory politics and the pragmatism of preserving stability. The mongrelized social contract that emerged allowed for greater economic and social freedoms at the expense of what decorative political freedoms existed before. This was a fatal mistake in the foundation of the first republic, perhaps because then the failure of the attempts of liberation from above has not been manifested clearly. So Nasser fell in the same trap that several anti-colonial socialist leaders fell into, as even though the one-party state offers a comparative advantage in economic development and quality of life gains for the people, it strips away these people's freedoms and their ability to defend the quality of life they have earned when the one-party state changes direction. As such whatever success the republic saw, and its ultimate collapse where the twin-born result of a self-contradicting philosophy.

This failure was not caused by a lack of effort or a reluctance to enforce a change as much as by the nature and direction of the change that the regime wanted to see realized. We mentioned above that, regardless of Nasser's popularity among the working class (workers and peasants) and the support he received from them, the state that Nasser established was not a proletarian state and it interfered into the economic sphere so radically only when it saw the unwillingness of local

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<sup>154</sup> Ibid, statistical appendix table 2.6.



nascent bourgeois class to step up and support the industrialization project, necessary to support the dream of independence Nasser had in mind. In a way, Nasser's "revolutionary" laws were all aimed for this end, i.e to push the capitalist dynamics and its relations of production further and to cement them. Similarly, by turning a blind eye, the regime allowed the exploitation (mostly of peasants under the mercy of landlords) to persist in various forms. Hence, although it enforced many important and rather progressive transformations that could have radically changed the society if completed, such a radical change was not necessarily the goal of Nasser's republic, and therefore was soon overturned.



**Citizens perched on street lights to observe Nasser's coffin as it passes through Cairo in one of the largest Funerals in human history with the number of attendees estimated at over 5 million.**

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