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# The Politics of Bread in Egypt

by Stan Cox

As Egypt's revolution moves into what could be its most crucial phase, its supporters are demanding that the slogan "bread, dignity, and social justice" be recognized as more than a slogan. But a recent United Nations report warns that "economic issues, which have been central to the Arab uprisings, are trailing behind the political issues" in the struggle over the future of Egypt and its neighbors, "potentially risking the erosion of popular support for democratic transition if they are not properly addressed."

On the list of economic issues in Egypt, food is never far from the top. As people warily look ahead to a new constitution, presidential elections, and an uncertain future beyond that, one thing is guaranteed: The country's epic daily struggle to provide bread to every citizen will go on.

Egyptians consume more bread per person than do people in any other nation. Each day, families in every income bracket bake or buy stacks of aish baladi, or "village bread" (aish means "life" as well as "bread"). The light brown, oven-inflated discs are produced by more than 20,000 small, government-subsidized bakeries to be sold for five piasters (less than a US penny) apiece, or by private bakeries that sell at a far higher price.

The government also issues ration cards with which families can buy a given quota of subsidized flour, rice, sugar, cooking oil, and tea each month at

of the United States and all of our agriculture were clustered within 60 kilometers of the Mississippi.

That leaves only one twenty-fifth of a hectare of agricultural land per Egyptian, or a 20-by-20-metre postage stamp of ground sown to wheat, rice, maize, lentils, beans, vegetables, cotton, animal forage, and date palms. As a result, Egypt has become the world's number-one importer of wheat, and imports a large share of many other food requirements—a trend the country's new leaders are trying to reverse by increasing yields per hectare.

The country's crops—all irrigated—are generally very productive, but with every grain harvest, nitrogen, phosphorus, and other nutrients are removed from the soil and must be replaced. Berseem clover, a legume that pulls its nitrogen from the air, is a ubiquitous fodder crop, and the nitrogen- and phosphorus-rich manure from livestock can be returned to the soil. And food crops are often interplanted with date palms, whose long-lived roots help hold the soil. But neither practice can replace the nutrients that are sucked from the land year-round by most food crops.

Therefore, Egypt's farmers have little choice but to apply very large quantities of synthetic fertilizers in order to maintain their crop yields, making grains like wheat even more costly to produce. And those farmers, the large majority of whom cultivate plots of less than a hectare and a half, are not cash-rich, meaning that the government must step in to pay them a subsidized price for grain in order to keep the farm economy going.

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designated shops. But, as with people in other countries (most prominently, India) that have public food distribution systems, Egyptians have distinctly mixed feelings about these programs.

### Farmland limited

Food security policy has little room to maneuver in Egypt, where the per-person endowment of cropland is one of the smallest in the world. Virtually all 82 million Egyptians, along with almost all agricultural lands, are squeezed into just 5% of the nation's total land area: A strip running 8 to 15 kilometers wide along the Nile River and fanning out through the Delta. It's as if the entire population

## Vanishing land

The recent United Nations' report recommended a broad range of actions to improve the sustainability of agriculture in the "Arab Spring" nations, including investments in drought-resistant crops and improved water conservation; re-use of agricultural waste; biogas systems to capture methane from manure; agroforestry; focusing investment on small farms; crop diversification; and a reduction in water pollution from fertilizers and other agricultural chemicals. Several of those measures are already being pursued to varying extents in Egypt.

However, some measures have been of doubtful benefit. The average Egyptian has gained little, for example, from an initiative in the Delta region aimed at growing organic crops, mostly vegetables, herbs, and fruits. For one thing, almost 60% of the organic foods produced end up being exported, mostly to

Europe. The newspaper *Al-Masry Al-Youm* reports: "It is easy to find organic Egyptian herbs and vegetables in Italian and German supermarkets for high prices, while it is difficult to find them in Egypt."

On the other hand, Egyptian families—42% of whom live below the international \$2.50-per-person-per-day poverty line—struggle to meet their monthly requirement for conventionally produced, no-frills fava beans, lentils and vegetables at prices they can afford.

As the revolution struggled during the past year to build a new, democratic foundation for society, the foundation of Egypt's daily bread—its soil—was under increasing threat. Prime lands of the Nile Valley and Delta are being lost at an alarming rate to urban sprawl. Upriver from Cairo, for example, huge private homes with walled-in compounds are sprouting across the landscape in less time than it takes to grow and harvest a crop of wheat. Although the total quantity of farmland in Egypt has increased over the years thanks to the "reclamation" of desert through sprinkler and drip irrigation, those new lands are much less productive than the river-valley soils that have supported Egyptian society since before the time of the Pharaohs.

There have long been laws against building on agricultural land in Egypt, but enforcement has always been lax. During the past year, with the government otherwise occupied, there was virtually no enforcement at all. Powerful economic interests have jumped into that vacuum, and land-grabbing and construction on cropland have accelerated. Economically stressed farmers have a hard time resisting offers of big money from aggressive developers.

The government's minister of supply, Gouda Abdel-Khalek, has raised alarms over the increasing loss of good soils, but the country's new parliament

has mostly ignored his warnings, preferring instead to complain about longstanding problems in the bread distribution system, current shortages of bread and cooking fuel. But activists charge that members of parliament are creating a ruckus about a "bread crisis" and a "butane crisis" as a way of diverting attention from the struggle over Egypt's political and economic future.

That's not to say all is fine in the bread and the ration-card systems. Disparaging the quality of aish baladi seems to be something of a national pastime. In the low-income areas where people depend most heavily on food subsidies, one commonly hears complaints that lines at bread shops are long and supplies tend to run out. Bread and flour shortages occur, allegedly, because significant portions of the heavily subsidized wheat and flour that should be used for making five-piaster bread are instead being sold by millers and bakers on the open market at a healthy profit.

Abdel-Khalek proposes that the bread distribution system be overhauled in a way that would eliminate most incentives for cheating.

Under the plan, the government would continue to stockpile imported wheat along with wheat bought from Egyptian farmers at 19% over the market price. Then it would sell that wheat to millers on the open market rather than at a highly subsidized price as is currently done. Mills, in turn, would sell their flour to bakeries at full market price. Each morning, bakeries would deliver bread to retailers at the market price, but the shops would then sell it to the public for the usual, subsidized, five piasters, and the government would make up the difference. That could be done, it has been suggested, by issuing every household a "smart" card that could be used to credit the bread shop's account for the price difference when they buy bread.

When millers and bakers are no longer able to buy subsidized wheat and flour, the thinking goes, they will have no reason to sell on the side, and more five-piaster bread will be produced. But it will not be

easy to restructure a system that for decades fit comfortably into a thoroughly corrupt economy. For one thing, it will be necessary to deal with resistance from the food industries, interest groups, tycoons, and politicians who benefit from the current way of doing things.

## Food versus cash

As in India, some in Egypt have argued that the government should junk the current food-distribution system completely and simply give people below the poverty line a subsidy in cash, to spend as they like. That idea has long been promoted by World Bank officials and others in the international community.

But such initiatives always fizzle in the face of political and economic realities. A 2010 household survey that asked low-income people about their

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preferences heard a loud-and-clear answer: Only 2% said they would be willing to give up their food-ration cards, and just 5% would want to see bread distribution halted in favor of a cash-assistance program.

Having lived through a succession of food-price shocks over the years, including the 30% spike that triggered widespread protest in the spring of 2008, Egyptians simply don't want the government to shift the burden of price increases onto their shoulders. It's not so much the steady march of inflation that worries them as it is the wild week-to-week price swings that often occur.

A woman in a village south of Cairo told me last month: "I would be concerned about a cash system. Look at cooking oil. Its price moves up and down so much you'd never know whether or not you could afford to buy it." A farmer from another village said he would not want to see a cash transfer substituted for subsidies, because "quantities are assured" at the ration or bread shop, whatever happens with world food prices. Even if the government promised to raise cash payments annually to keep up

with to the cost of living, he said: "I would not trust such a promise."

Abdel-Khalek, who is also an economics professor, affirms those concerns when he notes that, even though the "ABCs of economics" say that a

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cash subsidy is most efficient, "we are dealing with lives here, not textbook situations."

If Egyptians manage to wrest economic and political power from the oligarchs who have held it for so long, they will have a chance to protect their agricultural landscape and ensure a good food supply for everyone. But until that transformation happens, achieving food security along the Nile will remain a day-to-day struggle.

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