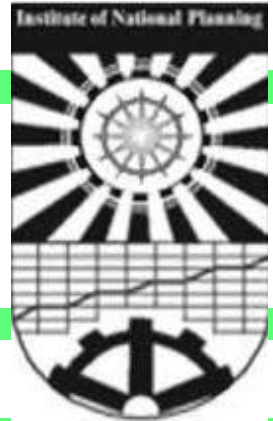


ARAB REPUBLIC OF EGYPT

THE INSTITUTE OF NATIONAL PLANNING



Memo No. 1542

The Egyptian Economy and The poor
in the eighties (main features, and
the identification of the poor)

BY

Dr. Karima Korayem

Dec . 1991

CAIRO

SALAH SALEM St. NASR CITY

الاقتصاد المصري ، ومحدودى الدخل فى الثمانينات
(المعالم الاساسية للاقتصاد المصري وتعريف محدودى الدخل به)

د . كريمة كريم

يهدف هذا البحث الى بيان المعالم الأساسية للاقتصاد المصري فى الثمانينات ، ثم تعريف من هم محدودى الدخل به على أساس أن الفقر هو أحد هذه المعالم الهامة ، التى بالرغم من أهميتها الكبيرة من حيث آثارها الاجتماعية والاقتصادية والسياسية ، إلا انها لم تحظى بقدر واف من الدراسة والبحث فى مصر .

ويهدف الجزء الأول من البحث الى استعراض المعالم الأساسية للاقتصاد المصري فى الثمانينات من خلال تركيبي جدول يتضمن المؤشرات الاقتصادية والاجتماعية الهامة للاقتصاد المصري واتجاهات تغيرها خلال حقبة الثمانينات . والفرض من ذلك هو اعطاء صورة ملخصة ومتكاملة ومتسقة احصائها عن التطورات الاقتصادية والاجتماعية الاساسية التى حدثت فى مصر دون الحاجة الى اللجوء الى المصادر المتعددة وعمـل حسابات مختلفة على الاحصاءات للحصول على هذه الصورة .

اما الجزء الثانى من البحث ، فيتضمن تعريف من هم الذين يعيشون على دخل خط الفقر أو دونه ، وهم من يسمون مجازا بمحدودى الدخل ، فرغم وجود بعض الدراسات التى قدرت دخل خط الفقر فى مصر ، وعدد الاسر التى تعيش عند هذا المخط أو دونه ، إلا أن هذه الدراسات لم تتضمن أى محاولة لتعريف من هم هذه الاسر ، ويهدف هذا البحث الى محاولة تعريف من هم محدودى الدخل فى مصر ، باستخدام مامو متـسـاخ من بيانات ، رغم قلتها ، وذلك لاقفاء بعض الضوء على مجال كان مجهولا تماما لنا ، برغم أهميته ، فهذه المحاولة يجب ان ننظر اليها على انها خطوة أولى فى طريق ممتد يحتاج الى مزيد من البيانات والدراسة من الهيئات المختصة والباحثين الجادين .

وتعريف الفئات محدودة الدخل ليست مهمة سهلة . فلا يوجد اى مصدر للبيانات الاحصائية فى مصر - سواء فى شكل تعداد قومى او بحث بالعينة - يشمل توزيع الاسر بين شرائح الدخل أو شرائح النفقات الاستهلاكية المختلفة جنباً الى جنب مع بيانات عن خصائص الاسر فى هذه الشرائح ، فمثلا بحث ميزانية الاسر بالعينة يتضمن بيانات عن توزيع الاسر بين شرائح الانفاق المختلفة ، ولكنه لا يتضمن اية معلومات عن وظائف من يعملون هذه الاسر لتعرف من خلالها على نوعية الوظائف والاعمال التى يقوم بها عائلى الاسر فى شرائح الانفاق المختلفة . ومن ناحية أخرى نجد تعداد السكان يتضمن بيانات عن الخصائص الوظيفية للسكان دون ان يتضمن اى معلومات عن توزيع هؤلاء السكان بين شرائح الدخل أو شرائح الانفاق المختلفة . وهكذا نجدنا عاجزين عن استخدام بيانات اى من المصدرين لتعديد من هم محدودى الدخل فى مصر .

ومع عدم توفر اى بيانات على المستوى القومى ، سواء فى شكل تعداد أو فى شكل بحث بالعينة كما ذكرنا اعلاه ، فإنه لا يكون امامنا الا طريق الاجتهاد لتحديد من هم محدودى الدخل وذلك باستخدام مؤشرات نوعية مع الاختبارات الكمية للتأكد من ان تقدير اتنا لمجموع هؤلاء لا تبعد عن الحقيقة . وهنا يجب الاشارة الى منهجين يتبعان فى هذه الحالات ، المنهج الاول يقوم على تحديد الفقراء ، او محدودى الدخل كما نلقبهم هنا ، على انهم هؤلاء الذين يقعون فى فئات اجتماعية - اقتصادية معينة *Socio-economic groups* مثل العمالة الزراعية غير المالكه للأرض ، او موظفى الحكومة ، الخ . . اما المنهج الثانى ، فيعرف الفقراء على انهم هؤلاء الذين يتمتعون بصفات وخصائص معينة تسود الا عند مستويات الدخل الدنيا ، مثلاً الذين يعيشون فى مناطق جغرافية معينة (كالأحياء الشعبية) ، او الذين يقطنون فى منازل بسيطة ، ذات مواصفات فقيرة ، الخ .

كل من المنهجين له قصوره وعيوبه . فالعيب الاساسى بالنسبة للمنهج الاول هو التفاوت الكبير الذى يوجد داخل الفئات الاجتماعية - الاقتصادية الواحدة . ولكن من ناحية أخرى ، يمتاز هذا المنهج بسهولة تطبيقه حيث لا يحتاج الى بيانات كثيرة كما هو الحال فى المنهج الثانى ، كما انه يسهل اجراء المقارنات بين الدول وبعضها .

اما بالنسبة للمنهج الثانى ، فيؤخذ عليه انه يحتاج الى توفر بيانات كثيرة ومفصلة عن الفئات ذات الدخل الصغيرة ، حتى يمكن من خلالها تحديد أهم الصفات التى تنفرد بها هذه الفئات دون غيرها من ذوى الدخل الاعلى ، بالإضافة الى ذلك ، فإنه يصعب من وجهة نظرنا ، تطبيق هذا المنهج على المجتمعات التى تمر بمرحلة انتقال حيث ان هناك أمور كثيرة تختلط خلال فترات الانتقال بحيث يصعب مع-

رسم خط فاصل بين الخصائص التي ينفرد بها الافراد والاسر ذوى الدخل المنخفضة وبين تلك ذوى الدخل الاعلى ، ففي مصر مثلا ، وهي خير مثال للمجتمعات التي تمر بمرحلة الانتقال ، نجد ان فى الاحياء الفقيرة يعيش عمال مهرة ترتفع دخولهم عن دخل خط الفقر ، بينما فى الاحياء الراقية يعيش موظفين تقل دخولهم عن دخل خط الفقر ، وذلك بسبب تجميد ايجارات المساكن عند مستويات دنيا منذ الستينات .

وبناء على ذلك ، وفى ظل محدودية البيانات المتاحة لدينا ، فيستخدم المنهج الاول لتعريف محدودى الدخل فى مصر ، وذلك بتقسيم افراد المجتمع الى فئات اجتماعية - اقتصادية مختلفة . ولكن لتقليل سلبيات هذا المنهج ، وحتى تتركز اساسا فى التفاوت الكبير الذى يمكن ان يوجد داخل الفئة الواحدة ، استخدم دخل خط الفقر المقدر فى دراسة سابقة للتمييز بين محدودى الدخل وغيرهم داخل كل فئة - اجتماعية - اقتصادية ، ثم استخدمت الاختبارات الكمية للتأكد من أن تقديرنا لمجموع هؤلاء لا يبعد عن الحقيقة . وبناء على ذلك قامت الدراسة بتقسيم قوة العمل الى فئات اجتماعية - اقتصادية ، ثم قامت بتحديد محدودى الدخل داخل كل منها . وبالتالى توصلت الدراسة الى أن محدودى الدخل يتمثلون فى الفئات التالية :

- (١) العاطلين .
- (٢) اصحاب المعاشات واصحاب التأمينات الاجتماعية .
- (٣) موظفى الحكومة والقطاع العام من الدرجة الثانية وأقل .
- (٤) العمال الزراعيين عن الحائزين على ارض زراعية .
- (٥) الحائزين على ثلاثة افدنة زراعية وأقل .
- (٦) حوالى ٧٠٪ من العاملين فى القطاع الخاص غير المنظم .
- (٧) وحوالى ٤٠٪ من العاملين فى القطاع الخاص المنظم .

THE EGYPTIAN ECONOMY AND THE POOR IN THE EIGHTIES
(MAIN FEATURES, AND THE IDENTIFICATION OF THE POOR)¹

by Karima Korayem²

1-Introduction

The present economic structure in the eighties, which we shall focus upon in our description, is not the outcome of one form of economic structure that developed over the years, with its ups and downs. But it is the offspring of different structural transformations that moved the economy from one extreme in the fifties -private sector's domination- to another extreme in the sixties -public sector's domination- then trying to move it again to somewhere in between these two extremes, where the public and private sectors may share the economic activities more or less equally. Thus, the first question that we shall address in this study is: what are the main features of this economy in the eighties?

¹This paper is part of the study: Adjustment and Equitable Growth; the Case of Egypt, sponsored by the Organization for Economic Cooperation and Development (OECD).

²Professor of Economics, Faculty of Commerce, El-Azhar University, Cairo.

The Egyptian economy has been undergoing several structural changes since the revolution of 1952, which overthrew the king. It was a completely market oriented economy, where government role was just the traditional one of defence, security keeping, etc. The nationalization of the Suez Canal Company in 1956 was the beginning of a new different period for Egypt, not only politically, but economically as well. The Suez Canal nationalization has been followed by the Egyptianization of banks and some businesses that were owned by foreigners. This is how the government role in the economic activity started in Egypt. However, the major structural change in the direction of more government participation in the economic life, took place after the Nationalization Acts in 1961. According to those Acts, a large public sector has been created where the government took control of a large part of the economic activities in the country, with the exception of agriculture where the private sector continued to play the main role. Rent controls have been imposed, price controls and minimum wages introduced, a second agricultural land reform applied, tax system changed raising tax rates on higher income levels to reach 90% on the annual income of LE 10,000 and more. In short, laws and regulations have been introduced to transform the society to socialism, according to official announcements², where the government has the upper hand

²Some social scientists disagree with that on the basis that the Egyptian economy has been transformed to a 'state' economy and not to a 'socialist' one.

official announcements³, where the government has the upper hand in the economic activities in general, with the responsibility of providing more equal opportunities and less economic and social inequalities among the individuals. This structure of the economy, which is characterized mainly by the relatively large role of the government vis-a-vis the private sector in the non-agricultural activities, continued until the mid seventies.

After the October War in 1973, changes started to occur, by introducing the open door policy in the mid seventies. The main crux of this policy may be pointed out as encouraging the private sector to play a larger role in the economic activities and open the door widely for the emigration of the Egyptian labour to work abroad, mainly in the Arab Gulf countries. This policy is still prevailing, with the consequence of having a kind of mixed economic structure, with the public sector still dominating the non-agricultural activities, in terms of investment and output, but with a growing role for the private sector encouraged by the government. The present government policy encourages the private sector by all possible means -e.g., by tax exemptions, tariff reductions, etc.- to increase its relative share in the economic activity.

³Some social scientists disagree with that on the basis that the Egyptian economy has been transformed to a 'state' economy and not to a 'socialist' one.

This quick pace of economic transformations, all within a period of less than forty years, makes any adjustment process not an easy task to do. This is because the present structure has its social and economic inheritance from the different transformation phases, which any policy package should consider; and this implicates the adjustment process because of the complexity of the system it has to deal with. For example, the productivity in the public enterprises should be raised, but without laying off the excess labour in those enterprises, since strict labour legislation that favour the employees, and almost prohibits firing -except in some limited cases- is one of the economic inheritances from the socialist phase. Another example is the general downward look, socially, on the manual work, which is one social inheritance from the fifties -i.e. in the market oriented and class structure phase- and which has not changed during the socialist phase in the sixties, inspite of its contradiction with it. Accordingly, any education policy directed towards decreasing the number of university graduates, who are in excess supply, and increasing the number of skilled workers, who are in excess demand, will be opposed inspite of the serious production and unemployment problems the Egyptian economy is facing.

Poverty is one of the important features of the Egyptian economy, which has serious implications, not only economically, as many of the other features have, but also socially and

politically. But, inspite of the widespread of poverty in the society, as will be shown below, no serious attempt has been made to identify who are the poor in Egypt. Thus, identifying the poor in Egypt is the second question which we shall attempt to answer in this study.

Accordingly, this study will consist of three parts. The first part is the introduction. The second part discusses the main features of the Egyptian economy in the eighties; and the third part includes the identification of the poor.

2-Main Features of the Economy in the Eighties:

Looking at the present structure of the Egyptian economy, one finds that agriculture plays a leading, though declining, role in production and employment. As it is shown in Table 1, from which all the indicators in this section will be taken unless otherwise stated, in 1986/87, agriculture produced 16.7% of GDP and had 36.3% of the labour employed, as compared to a relative share in GDP of 18.5% and in employment of 39.5% in 1981/82. The second most important commodity sector in terms of both production and employment is industry. It produced 14.8% of

GDP and has 14.4% of employment⁴. Petroleum is another important commodity sector for the Egyptian economy, especially as foreign exchange earner. Its relative share in GDP is almost the same as manufacturing, and exceeding it slightly in some years. However, the sector's employment capacity is very small as compared to manufacturing because of the nature of its production which needs highly capital intensive techniques⁵. Thus, these commodity sectors produce together 46.3% of the Gross Domestic Product and employ 50.7% of the labour. On the other hand, the services sectors -transportation and communication, trade and finance, and services- produce together 47.0% of the GDP and have 43.5% of employment in 1986/87. It has been the trend in the Egyptian economy for sometime that the relative share of the services sectors in GDP is increasing, while the relative share of the commodity sectors (excluding petroleum) is decreasing. This is particularly true for the two most important commodity sectors, agriculture and manufacture.

Another important feature of the Egyptian economy is the distribution of employment between public and private sectors. The public sector employed about one third of the labour in Egypt. For example, in 1982/83 and 1986/87, 32.3% and 34.4% of the employed

⁴In Table 1, mining and petroleum are aggregated with industry regarding employment data, while mining is combined with industry in the data on production. However, the mining and petroleum shares in employment are relatively very small; and in production, the mining share is trifle.

⁵For example, in 1983/84 the petroleum sector employed 27.6 thousand workers as compared to 1612.6 thousand workers employed in manufacturing; see Korayem (1990, Table C-12 in Appendix C).

labour was in the public sector. This shows a significant rise in public sector's employment as compared to ten years ago. In 1976, the public sector's employment was 26.9% of total employment (CAPMAS, 1976: Table 16, 169-173). This increase in public sector's employment cannot be taken as an indicator of a proportionate increase in the production share of the public sector in GDP, because of the very loose relation between production and employment in the public sector. There has been a lot of discussion in recent years about the low productivity of labour in this sector, and how can it be improved. This large increase in the public sector's employment is attributed mainly to the prevailing laws and regulations that make the government responsible for providing a job to the graduates of the intermediate and university levels of education⁶. Whenever the economic conditions deteriorate and the employment opportunities in the formal private sector, which pays generally higher wages, get tighter, the public sector becomes the main supplier of jobs to the new comers in the labour market.

The largest share of the public sector's employment work in the government vis-a-vis the public enterprises⁷. The freedom given to the public enterprises managers recently, helped in curbing the growth in employment in those enterprises. About two thirds of the employment in Egypt are in the private sector. As can be seen from Table 1, 65.6% of total employment in 1986/87 are working in the

⁶This process of guaranteeing a job to the graduates has been slowed down, though, in recent years by lengthening the job waiting period of the graduates to four years and more.

⁷In 1986/87, for example, 72% of the public sector's employees worked in government versus 28% in public enterprises (calculated from Table B-2 in Appendix B).

private sector, with more than half of them working in agriculture.

The public sector's investment is about two thirds and more of total investment on the national level; it represents 66.9% of national investment in 1986/87 as compared to 33.1% for the private sector. The fact that the public sector has one third of total employment as compared to two thirds in the private sector, while having two thirds of national investment as compared to one third in the private sector, is attributed to the nature of the economic activities, that the public sector is engaged in, which requires mainly capital-intensive techniques; e.g. petroluem, public utilities, manufacture, etc.

The GDP growth rate has slowed down during the eighties, reflecting the economic crisis Egypt is facing. The annual real growth rate fell from 9.9% in 1982/83 to 4.2% in 1986/87; i.e. it fell to more than half its level over a four year period. The income per capita has increased from LE 553.0 in 1982/83 to LE 851.4 in 1986/87. However, if we take inflation into consideration, one finds that the income per capita in real terms remains almost at the same level in 1986/87 as it was in 1982/83. The income per capita in constant 1981/82 prices is LE 518.2 in 1986/87 as compared to LE 511.6 in 1982/83.

Prices of many goods and services in Egypt are subject to price controls, and some of them are heavily subsidized. However, this system is changing gradually in response to the IMF policy

recommendations and according to the austerity program applied by the Egyptian government along the IMF line. An example of the subsidized commodities and services are the basic food commodities and education; the latter is provided free of charge. In spite of the price controls, the consumer price index rose by 25% in 1986/87, according to the official data. The official consumer price-index data underestimate the actual rate of inflation prevailing in Egypt, because it is based on an outdated basket of commodities -taken from the Households Budget Survey of 1964/65- which is also heavily weighted in favour of commodities with controlled prices.

Looking at the balance of payments, one finds that the commodity balance of trade has been suffering from a chronic deficit during the last twenty years, with the exception of 1969 and 1973, and with a large jump in this deficit starting 1975 (Korayem, 1990: Table C-17 in Appendix C). However, until mid seventies, the trade deficit has been compensated for by sufficient amounts of positive net factor services income, leading to a surplus in the current account balance in all the years, except in 1966 and 1967. This trend has been reversed starting mid-seventies, turning the surplus in the current account balance into a deficit in all the years, except in 1979 and 1980, inspite of the workers' remittances from abroad that started to flow into the country at about the mid-seventies (Korayem, 1990: Table C-17 in Appendix C). The deficit in the current account reached US \$ two billions in 1986/87 (see Table 1). This significant deterioration in the current account balance from the mid-seventies and until now is attributed to three main factors: the jump in world

prices, the lax of the Egyptian government to control and manage the foreign exchange earnings of the country, and the official devaluation of the Egyptian pound. The last two factors seem to be part of the open-door policy as conceived and applied by the Egyptian government.

Looking at the exports and imports structure, it is found that Egypt's exports consist mainly of primary commodities, petroleum and agricultural commodities (mainly cotton lint). These primary commodities represented 87% and 85.6% of total export in 1982/83 and 1985/86 respectively, and then fell sharply to 67% of total export in 1986/87, because of the sharp decrease in petroleum prices on the world market and the consequent restriction in its production. Regarding the structure of Egyptian imports, about one fourth of the total are imported consumer goods, mainly food products.

Until March 1987, the foreign exchange transactions in Egypt were divided into three pools: the Central Bank pool, the commercial banks' pool and the free-market, which is also referred to as the black market; the first two pools are the official exchange rate markets. The Central Bank pool handles the export revenues of petroleum, cotton, rice, and Suez Canal dues, and the import payments of five essential foodstuffs (wheat, wheat flour, edible oil, tea and sugar), insecticides and fertilizers and most public sector capital transactions. Up to May 1987, the commercial banks pool received revenues of workers remittances, tourism, and exports not going through the Central Bank pool, and provided foreign exchange for

public sector payments not covered by the Central Bank pool.

The three markets operated under different exchange rates, with the highest exchange rate for the Egyptian pound in the Central Bank pool at LE 0.7 per US \$ and the lowest rate in the free market. The exchange rate in the commercial banks pool was subject to several devaluations; it changed from LE 0.84 per US \$ in 1981 to LE 1.36 per US \$ in July 1986. On May 11, 1987, a new bank foreign exchange market was introduced adding a third official market, with the purpose of setting the exchange rate at a level reflecting the outside-banks' market; i.e. setting a rate comparable to the free market rate. In opening the market, the authorities set the initial exchange rate at LE 2.165 per US \$, which was slightly higher than the free-market rate prevailing at that time. On March 1988, the commercial bank pool was closed after most of its transactions were transferred to the new market, ending up again with two official exchange rate markets: the Central Bank pool and the new bank foreign exchange market.

Egypt is heavily indebted, with a foreign debt reaching 40.4 billions US dollars in 1986/87, which amounts to 126.6% of the GDP. The foreign debt service obligations, after rescheduling, is US \$ 2.5 billion in 1986/87, which amounts to 20.5% of Egypt's current receipt of foreign exchange (excluding official transfers) and 7.7% of the GDP. Egypt's main sources of foreign exchange are workers remittances, petroleum exports, and Suez Canal dues.

Looking at the social indicators in Table 1, one finds that more than half of Egyptian population -who are presently about 52 millions- are living in the rural sector. The ratio of the rural population to total population, which is 56.1% in 1986, has been almost constant over the last decade; it was 56% in 1976. In the rural sector, only 37.8% of the dwellings have access to safe water and 67.1% of them have access to electricity. Regarding the education level of the population, according to the 1986 Census data, 49.4% are illiterate, 24.4% can just read and write, 21.8% have education less than university level, and 4.4% have education at the university level and up. This shows only a slight improvement from the situation ten years ago, i.e. in 1976.

No official data on income distribution are available. Estimates of income distribution of urban and rural households have been made, based on the consumption expenditures in the two latest Households Budget Surveys in 1974/75 and 1981/82^a. As shown in Table 1, the income distribution is highly skewed against the poor strata in the society. The lowest two deciles of the urban households receive 6.1% and 7.4% of the disposable income in the urban sector in 1974/75 and 1981/82 respectively, while the lowest two deciles in the rural sector received 6.0% and 7.6% of the sector's income in the two mentioned years. The income distribution in the rural sector is slightly better, though, than in the urban sector, judging by the income share of the lowest and the highest deciles in the two

^aFor the details on the income distribution estimates in 1974/75, see Korayem (1984), and for the estimates in 1981/82, see Korayem (1987).

sectors, and by the Gini index (see Table 1). Although the income shares of the lowest two deciles of urban and rural households have not increased much during 1974/75 and 1981/82, there has been a significant improvement in the overall income distribution pattern during that period. Two indicators may be used in this regard:

First, the sectoral income's share of the households in the upper decile in the rural and urban sectors is falling in 1981/82, compared to 1974/75. It fell from 31.9% of the rural sector's income in 1974/75, to 23.0% in 1981/82, and from 32.9% of the urban sector's income in 1975/76 to 25.9% in 1981/82. There has been, also, an increase in the income share of all the rest of the urban and rural households, with those falling in the low middle deciles benefitting the most (Korayem, 1987: 41, Table 1-1).

Second, there has been a significant fall in the Gini index in the two sectors, over the period under consideration. In the urban sector, the Gini index fell from 0.40 in 1974/75, to 0.32 in 1981/82; while in the rural sector it fell from 0.39 to 0.29, indicating relatively more improvement in the income distribution in this sector, compared to the urban sector. This sharp drop in the Gini index over such a short period of time, is quite surprising, and is attributed most probably, to two main factors:

The first factor is the distortion that may have occurred in the income distribution estimates in 1981/82, due to the underestimation of the consumption data in the 1981/82 Households Survey (Korayem,

1987: 22-23, 43).

The second factor is the structural changes that took place in the Egyptian economy in the last ten years, i.e. after applying the open door policy in 1974. One may point out the two main features of this policy, as encouraging the private sector by different measures to increase its role in the economy, and opening the door for the Egyptian labour to work abroad. We believe that this open-door policy should have had significant impact on income distribution in the Egyptian economy, mainly through the second feature. For example, in a study on the economic impact of labour emigration on the rural sector in Egypt, it has been found that labour remittances from abroad increased the average disposable income in the rural sector by nearly 68.9%, and 47.6% in 1980, and 1984/85, compared to 9.1% in 1975, and 0.2% in 1970 (Korayem, 1986).

Finally, looking at the spread of poverty in the Egyptian society, one finds that the level is quite high as shown in Table 1. However, there have been some improvements in the eighties as compared to the seventies, although this trend seems to be reversing again in the eighties, judging by the increase in the number of poor households in 1984 as compared to 1981/82. As shown in Table 1, the percentage of poor households in the rural sector decreased from 50.9% in 1974/75 to 43.0% in 1981/82, then increased to 47.2% in 1984. For urban households, where estimates are available for 1981/82 and 1984 only, the percentage of poor households increased from 44.4% to 51.1% in the two mentioned years.

Table 1

Selected Economic and Social Indicators
of the Egyptian Economy
(1982/83 - 1986/87)

| | 1982/83 | 1985/86 | 1986/87 ¹ |
|---|---------------------|---------|----------------------|
| <u>Annual Real Growth Rates:</u> (in Percentage) | | | |
| GDP | 9.9 | 4.8 | 4.2 |
| Agriculture | (4.0) | (3.3) | (2.9) |
| Industry and Mining | (12.2) | (7.4) | (7.3) |
| Petroleum | (15.9) | (1.0) | (-2.1) |
| Transportation, Commu- nication, & Storage ² | (17.5) | (6.2) | (6.1) |
| Trade and Finance | (15.5) ³ | (2.5) | (4.5) |
| Services Sectors ⁴ | (6.7) | (7.4) | (8.2) |
| <u>Shares in GDP:</u> | | | |
| Agriculture | 18.5 ²⁰ | 16.9 | 16.7 |
| Industry and Mining | 13.6 | 14.3 | 14.8 |
| Petroleum | 14.0 | 14.7 | 14.8 |
| Transportation, Commu- nication & Storage ² | 7.2 | 7.6 | 7.8 |
| Trade and Finance | 19.5 | 19.0 | 19.1 |
| Services Sectors ⁴ | 18.6 | 19.4 | 20.1 |
| <u>Investment, Consumption & Saving Ratios:</u> | | | |
| Gross investment/GDP ratio | 26.2 | 20.6 | 19.5 |
| Private consumption/GDP ratio | 65.0 | 70.4 | 77.8 |
| Government consumption/GDP ratio | 16.8 | 17.6 | 14.4 |
| Gross domestic savings/GDP ratio | 18.2 | 12.0 | 7.8 |
| <u>Shares in Total Gross Fixed Investments:</u> | | | |
| Public | 77.5 | 73.3 | 66.9 |
| Private | 22.5 | 26.7 | 33.1 |
| <u>Government Finances (Annual Changes):⁵ (Percentage Change Per Year)</u> | | | |
| Total revenue | 17.1 | 13.1 | -3.0 |
| Tax revenues | (15.0) | (10.1) | (4.9) |
| Total expenditure | 14.2 | 13.8 | -5.1 |

Table 1 (cont'd)

| | 1982/83 | 1985/86 | 1986/87 ¹ |
|--|---------|-------------------|----------------------|
| <u>Government Finances (as percent of GDP):</u> (Percent of GDP) | | | |
| Total revenue | 39.3 | 35.5 | 28.2 |
| Tax revenue | (21.0) | (18.1) | (15.5) |
| Total Expenditure | 58.5 | 58.3 | 45.3 |
| wages & salaries ⁶ | (8.9) | (9.6) | (8.3) |
| subsidies | (9.4) | (7.7) | (5.2) |
| investment & net capital transfers | (23.1) | (22.3) | (15.3) |
| Overall Budget Deficit | 19.1 | 22.8 ⁷ | 17.1 |
| <u>Financing Sources of Budget Deficit (in percentage):</u> | | | |
| Foreign Borrowing (net) | 18.1 | 20.3 | 19.2 |
| Domestic Borrowing | 81.9 | 79.7 | 80.8 |
| from banking system | (42.1) | (32.4) | (47.9) |
| from non-banks | (39.8) | (47.3) | (32.9) |
| (In Billions of U.S. Dollars) | | | |
| <u>Trade Balance</u> | -5.5 | -6.3 | -5.2 |
| Exports (f.o.b.) | 3.6 | 3.2 | 2.6 |
| Petroleum (% of Export) | (69.6) | (71.0) | (46.9) |
| Primary Products ⁸ | (17.4) | (14.6) | (20.0) |
| (% of export) | | | |
| Semi-finished products ⁹ | (6.5) | (6.5) | (18.4) |
| (% of export) | | | |
| Finished Products | (6.5) | (8.0) | (14.7) |
| (% of export) | | | |
| Import (c.i.f.) | -9.0 | -9.5 | -7.8 |
| Fuel (% of import) | (3.6) | (3.4) | (2.4) |
| Primary commodities ¹⁰ | (11.2) | (10.6) | (10.6) |
| (% of import) | | | |
| Intermediate commodities | (32.8) | (39.8) | (39.6) |
| (% of import) | | | |
| Capital commodities ¹¹ | (27.6) | (23.4) | (24.7) |
| (% of import) | | | |
| Consumer commodities ¹² | (25.0) | (22.8) | (22.7) |
| (% of import) | | | |

Table 1 (cont'd)

| | 1982/83 | 1985/86 | 1986/87 ¹ |
|---|---------|---------|----------------------|
| (In Billions of U.S. Dollars) | | | |
| <u>Services</u> (Net) | 0.5 | -0.7 | -0.6 |
| Receipts | 4.0 | 3.7 | 4.2 |
| Tourism (% of receipts) | (7.7) | (8.6) | (9.0) |
| Suez Canal dues (% of receipts) | (24.2) | (27.5) | (27.6) |
| Investment income (% of receipts) | (25.7) | (24.4) | (19.0) |
| Payments | -3.5 | -4.4 | -4.8 |
| Investment income (% of payments) | (50.9) | (53.1) | (57.8) |
| Workers remittances | 3.2 | 3.0 | 2.8 |
| Official transfers | 0.8 | 1.2 | 1.0 |
| Current account balance | -1.0 | -2.8 | -2.0 |
| Current account balance (excluding official transfers) | -1.8 | -4.0 | -3.0 |
| External debt outstanding | 27.6 | 37.7 | 40.4 |
| External debt service obligations: | 3.2 | 4.8 | 2.5 ¹³ |
| amortization ¹⁴ | (1.6) | (2.6) | (1.3) |
| interest | (1.6) | (2.2) | (1.2) |

(As Percent of Current Receipt)¹⁵Main Foreign Exchange Sources,
as percent of current receipt:

| | | | |
|---------------------|------|------|------|
| Petroleum export | 23.1 | 20.2 | 9.8 |
| Workers remittances | 29.6 | 30.3 | 23.0 |
| Suez Canal dues | 9.3 | 10.1 | 9.0 |
| Tourism | 2.8 | 3.0 | 3.3 |
| Investment income | 9.3 | 9.1 | 6.6 |

Table 1 (cont'd)

| | 1982/83 | 1985/86 | 1986/87 ¹ |
|--|---------|---------|----------------------|
| (As Percent of Current Receipt) ¹⁵ | | | |
| External debt service obligations (% of current receipt) | 29.6 | 48.5 | 20.5 |
| Amortization ¹⁴ | (14.8) | (26.3) | (10.7) |
| Interest | (14.8) | (22.2) | (9.8) |
| (As Percent of GDP) ¹⁶ | | | |
| Trade Deficit ¹⁷ | 18.6 | 14.7 | 16.1 |
| Current account deficit (excluding official transfers) ¹⁷ | 6.1 | 9.3 | 9.3 |
| Current account deficit (including official transfers) | 3.4 | 6.5 | 6.2 |
| External debt outstanding ¹⁷ | 93.5 | 88.0 | 124.6 |
| External debt service obligations ¹⁷ | 10.8 | 11.2 | 7.7 ¹³ |
| Amortization ¹⁴ | (5.4) | (6.1) | (4.0) ¹³ |
| Interest | (5.4) | (5.1) | (3.7) ¹³ |
| (In Millions of Egyptian Pounds) | | | |
| GDP (at current prices) | 24802 | 36039 | 44052 |
| GNP (at current prices) | 25302 | 38046 | 43202 |
| GNP (at 1981/82 constant prices) | 23408 | 25689 | 26292 |
| Population (in thousands) | 45755 | 49609 | 50740 |
| Population annual growth rate (in percentage) | 2.8 | 2.3 | 2.3 |
| (In Egyptian Pounds) | | | |
| Income per capita (at current prices) | 553.0 | 766.9 | 851.4 |
| Income per capita (at 1981/82 constant prices) | 511.6 | 517.8 | 518.2 |

Table 1 (cont'd)

| | 1982/83 | 1985/86 | 1986/87 ¹ |
|---|--------------------|--------------------|----------------------|
| The exchange rate of U.S.\$1 (in Egyptian pounds) | 0.84 ¹⁸ | 0.84 ¹⁸ | 1.36 ¹⁹ |
| Consumer price index for urban population (1966/67 = 100) | 422.1 | 663.1 | 829.7 |
| Annual change of the consumer price index (%) | 18.6 | 16.9 | 25.1 |
| Wholesale price index (1965/66 = 100) | 403.9 | 570.3 | 636.9 |
| Annual change of the wholesale price index (%) | 21.7 | 18.6 | 11.7 |

Employment Distribution
by Economic Activity:

(In Percent of Total Employment)

| | | | |
|--|--------------------|---|------|
| Agriculture | 39.5 ²⁰ | — | 36.3 |
| Industry, Mining & Petroleum | 13.7 ²⁰ | — | 14.4 |
| Transportation, Communication & Storage | 4.5 ²⁰ | — | 4.5 |
| Trade & Finance | 10.0 ²⁰ | — | 10.1 |
| Services Sectors ⁴ | 35.3 ²⁰ | — | 28.9 |

By Public & Private Sectors:

| | | | |
|-----------------------------|------|---|------|
| Public Sector's Employment | 32.3 | — | 34.4 |
| Private Sector's Employment | 67.7 | — | 65.6 |

| | <u>1976</u> | <u>1986</u> |
|-------------------|-------------|-------------|
| Unemployment Rate | 7.7% | 14.7% |

Population Distribution

| | | |
|--------------|-------|-------|
| Urban Sector | 43.8% | 43.9% |
| Rural Sector | 56.2% | 56.1% |

Table 1 (cont'd)

| | <u>1974/75</u> | <u>1981/82</u> | |
|---|----------------|----------------|-------------|
| <u>Income Distribution</u> | | | |
| Percent of private income received: | | | |
| by highest decile of urban households | 32.9 | 25.9 | |
| by highest decile of rural households | 31.9 | 23.0 | |
| by lowest quantile of urban households | 6.1 | 7.4 | |
| by lowest quantile of rural households | 6.0 | 7.6 | |
| <u>Gini Index for:</u> | | | |
| Urban households | 0.40 | 0.32 | |
| Rural households | 0.39 | 0.29 | |
| <u>Poverty</u> | | | |
| | <u>1974/75</u> | <u>1981/82</u> | <u>1984</u> |
| Percentage of the poor households | | | |
| in urban sector | — | 44.4 | 51.1 |
| in rural sector | 50.9 | 43.0 | 47.2 |
| on the national level | — | 43.7 | 49.1 |
| <u>Education</u> | | | <u>1986</u> |
| Percentage of the population of age 10 yrs. and more at the educational level | | | |
| illiterates | 57.2 | | 49.4 |
| read & write | 21.0 | | 24.4 |
| less than university level | 19.6 | | 21.8 |
| university level and post-graduate | 2.2 | | 4.4 |
| <u>Access to safe water in the Rural Sector</u> | | | <u>1986</u> |
| Percentage of dwellings | | | 37.8 |
| <u>Access to Electricity in the Rural Sector</u> | | | <u>1986</u> |
| Percentage of dwellings | | | 67.1 |

Sources and Notes to Table 1:

1. Provisional Actuals.
2. Excluding Suez Canal.
3. Weighted average of the annual growth rates of trade sector and finance sector.
4. Includes housing, tourism and others.
5. Includes in expenditure, assumptions by the Government of General Authority for Supply Commodities (GASC) deficits and bank credit to GASC.
6. Excludes Defense.
7. Expenditures and the overall deficit excludes LE 0.6 billion on assumptions by the government of debts of nonfinancial enterprises. Other financing is also adjusted to exclude this amount. The deficit on a cash basis is LE 8.8 billion (24.5 percent of GDP).
8. Consists mostly of cotton lint.
9. Consists mostly of cotton yarn and waste.
10. Wheat represents about 55% of the imported primary commodities. If we add to it maize, the ratio reaches about 70%-73% of the primary commodities import.
11. Includes parts.
12. The majority of it (about 85%) is non-durable consumer goods, mainly food products.
13. After rescheduling.
14. Medium- and long-term public and publicly guaranteed debt only.
15. Current receipts consists of exports, services receipts and workers remittances; it includes official transfers.
16. At current prices.
17. The exchange rate used for conversion to Egyptian pounds are the official exchange rates as included in this Table.
18. This is the official exchange rate in the commercial banks pool, which started August 1, 1981 and continued until July 1986. A special premium rate has been introduced in April 1983 to attract workers' remittances and successively larger transactions have been affected by this premium rate (which was about LE 1.36 per U.S. dollar), but the official exchange rate in the commercial banks pool was not affected until July 1986. See IMF (1988:46).

19. In July 1986, the official rate was abolished and the premium rate was renamed the authorized bank rate and applied in the commercial banks pool. See: IMF (1988:46-47).

20. For the year 1981/82.

Source: Taken, and/or calculated, from: IMF (1988), Table in pp. v & vi; Table 2 (p. 17), Table 4 (p. 38), Table 5 (p. 43), Table 6 (p. 45), Table 7 (p. 51), Table 8 (p. 52), Table 9 (p. 53), Table 10 (p. 54), Table 11 (p. 55), Table 12 (p. 56), Table 40 (p. 84), Table 58 (p. 102), Table 61 (p. 105), and pp. 46-47; CAPMAS (1976), Table 4 (pp. 97-108); CAPMAS (1987), 16, 44-47, 85; Korayem (1987), Table 1-1 (p. 41), Table 1-21 (p. 46); and Central Bank of Egypt (unpublished data).

3- The Identification of the Poor in Egypt:

In a previous study, the income poverty line and the number of poor households in urban and rural Egypt have been estimated for 1981/82 and 1984 (Korayem, 1987). These estimates have been arrived at by estimating, first, the minimum food expenditure that ensures a safe level of protein and calorie intake for the average urban and rural household, using detailed diets' components, and taking into consideration the age and sex structures of those households; and second, the non-food expenditures have been estimated to arrive at total household's expenditure at poverty line. Having household's total expenditure at poverty line, and having also income distribution estimates, the household's income at poverty line is then determined. This is the estimated level of income that corresponds to the level of household's expenditure at the poverty line. The income poverty line for Egypt is estimated to be LE 2197.0 for the urban household and LE 1645.0 for the rural household at 1984⁹. The area which remained unexplored, so far is the identification of those poor; i.e. who are the poor groups in Egypt?

⁹ It should be noted that in this study (Korayem, 1987), expenditure poverty line and income poverty line have been estimated twice. One time by using the official prices in the estimation of the cost of food -and this is referred to as case A- and a second time by raising those prices by 20%, which is case B estimate. Case B is more realistic, since it is very difficult -if not impossible- for anyone to get all what he needs at the low official prices in Egypt. Thus, case B estimate of the expenditure poverty line is the one that is used as the poverty criteria throughout this study.

To identify the poor groups in Egypt is not an easy task. No national survey is carried out which includes data on income or expenditure together with job characteristics of the households. The Households Budget Survey -the latest carried out in 1981/82- includes detailed items of households expenditures but without any clue to the job specification of those households. On the other side, the Population Census includes data on the job specification of the population, but nothing on their incomes or expenditures. Thus, these two primary sources for the data on households and the population in Egypt will not help us in our job of identifying the poverty groups.

With the nonavailability of appropriate survey data on the poor groups in Egypt, we are left with no choice but to use guiding criteria to define those groups, mainly qualitatively, with some quantitative test, though, to make sure that our identification does not shoot off reality, sizewise. Two common approaches may be pointed out in this regard¹⁰. The first is to define the poor as those falling within certain socio-economic groups (e.g. the public sector's employees, the landless agricultural labour, etc.). The second approach is to define the poor as those groups who have certain characteristics that are specifically prevailing at low income levels (e.g. those who have high staple food consumption ratio in their food budget, or those who are living in certain geographic areas or in poor housing conditions, etc.).

¹⁰ See, for example, the two empirical studies on defining the poor groups in some developing countries in Heller & others (1988), and Glewwe and Tray (1988).

Each of the two approaches has its shortcomings and limitations. The main shortcoming of the definition of poverty depending on the socio-economic classification of the households is the diversity that exists within any socio-economic group¹¹. This means that any policy that aims to target the poor groups on the basis of the socio-economic classification will end up aiding many nonpoor and excluding a substantial number of the poor. However, the main advantage of this approach is its easiness in application (since it is not much data demanding), in addition to making comparability across different countries feasible. Regarding the second approach, which is defining the poor by specific characteristics, it is relatively more data demanding as compared to the first one, since you should have sufficient information and data to specify poverty characteristics. Besides, it is difficult to apply to societies which are at transition stage, since things will be largely mixed up so that no clear-cut line can be drawn between pure characteristics of the poor and the non-poor. For example, in Egypt, which gives a good example of those types of societies, and which is our concern in this study, we find households living in poor areas geographically, but at the same time their current income exceeds the income poverty line if, generally speaking, the breadwinner of the family is a skilled worker (e.g. plumber, carpenter, etc.). However, many of them cannot afford to move to

¹¹ For example, in a study on Cote d'Ivoire, which divided the population into five socio-economic groups, it was found that about three fourths of the variation in consumption occurs within the groups and only one quarter between them; see Glewwe and Tray (1988, 32-34).

better houses because of the high key money¹² involved in renting a new appartement; or they may even be unwilling to change the residential area -even if they can afford to- since they would feel alien and insecure in other relatively well-to-do neighborhoods. On the other hand, you can find households living in good housing conditions and in good residential areas, and hence they cannot be classified as poor given this legitimate poverty criterion, but their incomes are actually below the poverty line if there is only one breadwinner in the family, and this breadwinner is on pension or is a middle ranking government employee. The substantial rent decrease that took place in Egypt in 1961 due to the Nationalization Acts, and freezing the rents at those low levels afterwards, makes this picture of low income families living in good housing and affluent residential areas, quite common in Egypt. Education is another example that can be given in the case of Egypt to show the difficulty involved in resorting to commonly used characteristics criteria to identify the poor groups. With the free education at all levels and the very loose linkage between the level of education and the earning capacity of the individual¹³, one cannot use education as a benchmark characteristic to differentiate between the poor and the non-poor in the society.

¹² The key money is a large sum of money that is paid in advance by the new rentier to the old one and/or to the apartment's owner, to be able to rent the apartment. In many cases, this sum of money is not deductible from the future rent. But in some cases, all or part of the key money, will be deducted from the future rent; i.e. the rent will be reduced for a certain period of time, until the advanced payment of the key-money is covered.

¹³ For example, an illiterate plumber can earn more than a university professor.

Given this situation in Egypt, we find it difficult to think of certain characteristics, on which data are available, that are largely associated with the poor only. Consequently, we prefer not to resort to this approach in identifying the poor in the Egyptian society.

To define the poor groups in Egypt, given the relative scarcity of data as mentioned before, we find that the socio-economic classification is the most appropriate to use¹⁴. However, to decrease the disadvantage of this approach -which is mainly its broadness that allows wide diversities within the groups- more specification of the poor within each socio-economic group will be attempted, guided by whatever scattered data we find. Moreover, to differentiate between the poor and the non-poor within the socio-economic group, a quantitative criteria will be applied; this is the income poverty line.

The household's income poverty line will be used to differentiate between the 'poor' and the 'non-poor' income earners within each group. The 'poor' will be the ones whose earned income is equal to or less than the income poverty line. Thus, in the socio-economic group, where the diversity in earnings within the

¹⁴ In a study that examines the impact of the IMF stabilization policies on the economy, the Egyptian society has been divided into four socio-economic groups, and the impact of these policies on each has been roughly attempted. These socio-economic groups are: wage labour, the peasantry, the public sector business, and the private sector business. However, the 'poor groups' have not been identified, nor specifically addressed within the presented socio-economic classification; see Abdel-Khalek (1987, 20-22).

group is highly plausible (e.g. the public sector's employees, the labour in the informal sector, etc.), we shall attempt to define the sub-groups with relatively high probability that their earnings will not exceed the poverty line income; and those will be the ones who will be defined as 'poor' income earners.

To adjust the estimates to the fact that one household may have more than one income earner, which means that the poor households are less in number than poor income earners, the defined number of poor income earners will be adjusted down by the ratio of the total labour force to the total number of households on the national level. This ratio will give us, on average, the percentage of households who are supported by one breadwinner only.

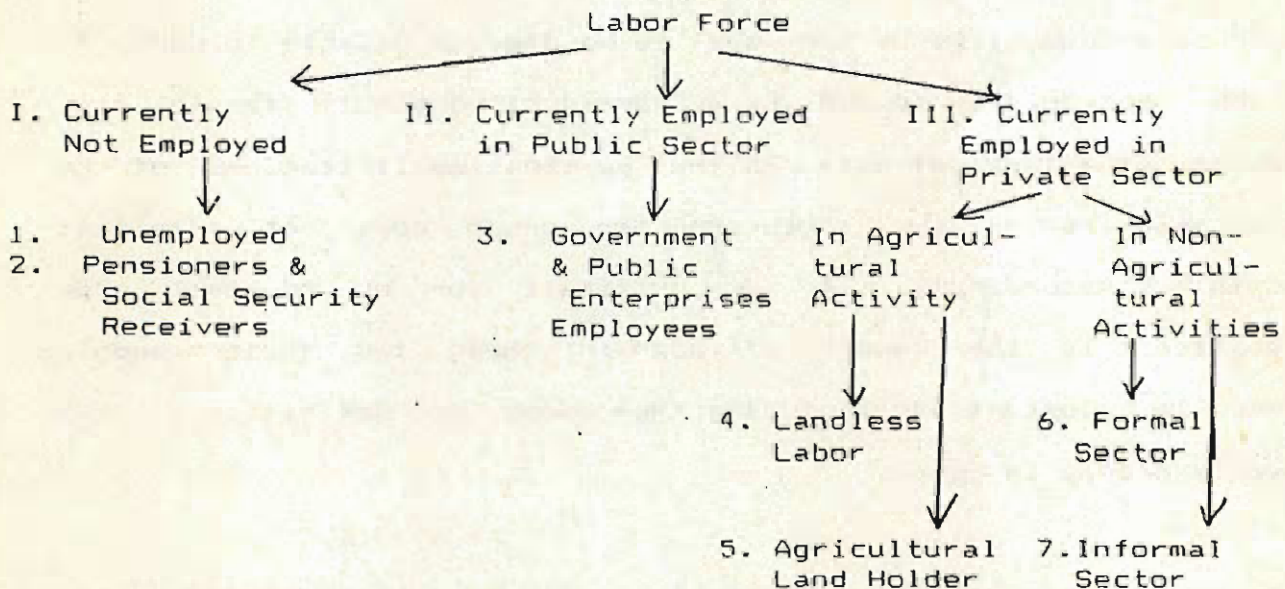
Looking at the two main sources of income, property and labour, it is reasonable to assume that the majority of the property income receivers are living above the poverty line and are excluded, then, from our poverty groups classification. Two exceptions are worth noting here: the absentee small landowners and the rent receivers of old building (apartments and/or shops). However, a good part of each of these two groups is expected to be part of the working labour force and receive labour income as well, which probably may raise their total income above the poverty level. The fact that they have property -whether inherited or bought- means in most of the cases that they -or their families- were relatively well off in the past which would have given them a relatively better chance than their counterparts in getting good education, good job, etc.,

and consequently it is expected that they enjoy at present a relatively good standard of living. Only if the property income receivers in these two socio-economic groups have no other sources of income -with the exception of receiving small pension or alike- they will be living at the poverty line or below it. In other words, identifying these two socio-economic groups as poor should be associated with a qualification that the property income receivers do not receive income from labour. Some personal qualifications of the household's breadwinner can be helpful in defining the relative size of poverty within these two socio-economic groups, like he (or she) being old, or disable to work, or if the household is headed by a non-educated single female, etc. However, the lack of data on the personal qualifications of the bread winners in any socio-economic group does not make that possible. Accordingly, it is difficult for us to tell how significant is the number of poor in these two socio-economic groups to substantiate including them among our definition of the poverty groups in Egypt.

Labour is the sole source of income for the majority of the poor, as we know. To define poor groups among labour income receivers, who will be called income earners throughout the study, we shall disaggregate the Egyptian labour force into seven socio-economic groups under three main categories, as presented in Figure 1. The first category consists of the currently not employed labour, which includes two socio-economic groups: the unemployed (who are potential income earners), and the pensioners and social

security receivers. The second category consists of the currently employed in the public sector; it includes one socio-economic group: the employees in the government and public enterprises. The third category includes the currently employed in the private sector. This category consists of four socio-economic groups. Two in the agricultural

Figure 1
Labor Force Classification
by Socio-Economic Group



activity: the agricultural land holder, and the agricultural landless labour. The other two socio-economic groups are mainly in non-agricultural activities; the formal market employment, and the informal market employment. Given this socio-economic classification of the labour force in Egypt, and given the relative scarcity of data in this area, we tried to specify as much as we could, the border of poverty within each of these seven defined

socio-economic groups¹⁵. Appendix A includes the details of these specifications.

Table 2 gives a summary of the poor income earners in Egypt as identified in Appendix A. As shown in Table 2, the total number of workers whose incomes are equal to the income poverty line or less, are estimated roughly as 11,832,544 workers in 1986. This does not indicate, however, the size of poverty in Egypt in terms of number of households living at the poverty line or below it. This is because some households have more than one breadwinner, which means having more than one income to live on. To get a rough estimate of the number of households who are living on one income only, the ratio of total labour force to total number of households in 1986 should be calculated; this has been found to be 1.4¹⁶. This means that, roughly speaking, three in five households are living on two incomes (i.e. having two members in the household as income earners). In other words, two fifths of the households in Egypt have only one breadwinner in the family (i.e. are living on one income). Accordingly, one may say, roughly, that two fifths of the

¹⁵ Our identification of the poor income receivers excludes the income transfers that may be received by any of them, whether these income transfers are coming from within Egypt or from abroad.

¹⁶ The number of households on the national level is 9,718,663 (CAPMAS, 1986: 69, Table 12). Thus, the ratio is equal to: total labor force (13,349,243)/no. of households (9,718,663)=1.4.

Table 2
The Poor Groups in Egypt
by Socio-Economic Classification, in 1986

| Socio-Economic Group | Poor Income Earners in the Group | |
|---|-------------------------------------|------------|
| | Number | Percentage |
| Unemployed | 1429956 | 100.0 |
| Pensioners and Social Security Receivers: | | |
| a) Pensioners (all the group) | 143926 | 100.0 |
| b) Social Security Receivers (all the group) | 20217 | 100.0 |
| Public Sector Employment (at the second grade level and below) | 4235762 | 90.0* |
| Agricultural Landless Labor | 1657805 | 100.0 |
| Holders of 3 feddans and less | 2623000 | 100.0 |
| Private Informal Sector's Employment | 876068 | 70.0 |
| Private Formal Sector's Employment | 845810 | 40.0 |
| Total | 11832544 | |

* Represents 90% of the public sector's employees in all grade levels.

Source: Appendix A.

estimated number of poor income earners are the sole financial supporters of their households, while the other three fifths are members of households who have two income earners. Assuming that all the households with two income earners have aggregate total income above poverty line -even if the income of each of the two breadwinners is below poverty income¹⁷- then the poor households will be identified as those households which have only one income earner, and whose income is equal to or below the income poverty line. Consequently, the number of poor households in Egypt will be about two fifths of the 'poor' labour force. This amounts to 4,733,018 households, representing 48.7% of the total number of households in Egypt in 1986.

To test the relative credibility of this estimate of the extent of poverty in Egypt, which implies, also, testing how close to reality are the assumptions made to define the number of 'poor' income earners in the different socio-economic groups guided by the income poverty line, let's compare our estimate here with the poverty estimate in a previous study where the income poverty line has been estimated (Korayem, 1987: 22-48). In this previous study, the number of 'poor' households has been estimated using the income poverty line and the income distribution estimates. Accordingly, it has been found that 49% of the households on the national level

¹⁷ Although this is not always true -especially in the case of pensioners and social security receivers- it is still an assumption that holds for many cases, we believe.

were living at the income poverty line or below it in 1984¹⁰. This is quite close to the poverty estimate in this study (48.7%).

Two comments should be made regarding our definition of the poor groups in Egypt by socio-economic classification.

First, it should be made clear that what we care for here is mainly to identify the poor groups in Egypt, and not to provide a numerical estimate of the number of poor households, nor the extent of poverty, since this has been done already in a previous study using more conventional and straightforward method for the purpose (Korayem, 1987). However, we cared to compare the two estimates of poverty because the scarcity of data available forced us to make several assumptions to be able to identify the poor subgroups within the socio-economic groups. In this case, there is a danger that these assumptions produce estimates that look quite alright on disaggregated basis, but the total outcome will shoot off reality when the different estimates are put together to form one picture. This is why we cared to spell out our assumptions and determine the number of poor in each group explicitly and then add them together to test the relative credibility of the whole picture.

¹⁰ This is case B estimate in the study Korayem (1987), which has higher credibility as compared to case A, which estimated the number of poor households as 34% of total number of households. Case A used official prices for food cost estimate, while case B raised the official prices by 20%, which is more realistic, given the commodities distribution system in Egypt.

Second, it might be argued that many of those low wage earners have a second job, which may give higher income than the primary job (Abdel-Fadil, 1987), and hence they are not actually living at the poverty line. This is quite true, although there is no way to tell -because of the lack of data- how spread is this second job phenomenon in Egypt. Two factors pull in different directions with respect to any general expectation that may be made in this regard. The first factor, -which raises expectations with respect to the second job phenomenon- is the relatively low real wages for the majority of the labour force, which are due to low labour income and high inflation rate. The second factor, which curbs any high expectations in this regard- is the tight job opportunities and the high unemployment rate prevailing in the Egyptian economy. Even if we take the second job income into consideration, we argue that those households whose breadwinner(s) works excessive hours a day are living, actually, in what we name 'disguised' poverty. This 'disguised' form of poverty should not be less important to the society, and especially to the policy makers, than the quite known 'open' form of poverty. This is because everyone is supposed to be entitled to earn sufficient income to meet his family's basic needs, by just working the ordinary number of hours per day. In other words, the number of hours worked should be taken into consideration when we define who are the 'poor' in the society, and not only the level of income earned disregarding the number of working hours involved. Thus, any policy measures that are designed to target the poor groups in the society should take into account the households whose members are working excessively to meet the

family's necessities. We believe that those households should be counted as 'poor' although their poverty is 'disguised' by the level of income earned. Accordingly, to measure poverty in any society -in its 'disguised' as well as 'open' forms- earning per hour of the household's working member(s), and not aggregate income of the household, should be the criteria to use to differentiate between the poor and the non-poor. If we accept this 'disguised' poverty concept, which should be the case if the welfare of the society is what we opt for, then the second job earning will not affect our identification of the poor groups in Egypt.

APPENDIX ATHE DETAILED SPECIFICATION OF THE POOR GROUPS IN EGYPT

To estimate the poor groups in Egypt, the labour force has been disaggregated into seven socio-economic classifications as shown in Figure 1 in the text. These are the unemployed, the pensioners and the social security receivers, the government and public enterprises employees, the landless labour, the agricultural land holders, the employees in the formal sector, and the labour in the informal sector.

Looking at the first socio-economic group -the unemployed- no qualifications are needed to define them as poor. Although they are potential income earners -with high income earnings expectations to some of them- they are poor at present, since they receive zero income¹⁹. The size of this socio-economic group is 1,429,956 persons, who are the number of 'unemployed (6 years and over) in 1986, according to the Population Census, and represent 10.7% of the labour force (CAPMAS, 1986: 106-117, Table 22).

All the second socio-economic group -the pensioners and the social security receivers- will also be defined as 'poor'. This is because the majority of this group -if not all of them- are receiving income below the poverty line income. As calculated from

¹⁹ There is no unemployment insurance in Egypt.

Table B-1 in Appendix B, the annual average pension per household was LE 49.82 in 1985/86, and LE 58.67 in 1986/87. For social security, the average annual payment for the monthly receivers²⁰, is LE 16.14 per household in 1985/86 and LE 17.88 in 1986/87. The number of pensioners and monthly social security receivers in 1985/86 and 1986/87 were 164,143 households and 147,298 households respectively (see Table B-1 in Appendix B). It is quite clear that the income of the majority --if not all-- of the members in this group is much below the poverty line, and hence, this group will be defined as poor.

Looking at the general profile of the labour force employed in Egypt, one finds that the majority of the labour force is still currently employed in the private sector, with declining share, though, as compared to the mid-seventies. According to the 1976 Population Census, 2,750,647 individuals (6 years and over) were employed in the public sector (government and public enterprises) out of a total employment of 10,229,949 (CAPMAS, 1976: 169-173, Table 16); i.e. representing 26.9% of the total labour employed in the country. In 1986, the public sector's employees were 4,726,403, where 3,358,650 individuals were employed in the government sector, and 1,367,753 in the public enterprises (see Table B-2 in Appendix B). The total labour force (6 years and over) employed in 1986 were 11,919,287 (CAPMAS, 1986: 106-117, Table 22). This means that 39.7%

²⁰ There are other poor households who receive social security for just one time in certain catastrophic occasions, to help them to meet the necessary expenses for the occasion; e.g. when one of the household's member dies, or when the house falls, etc.

of the total labour employed in Egypt in 1986, work in the public sector -as compared to a ratio of 26.9% in 1976- with the majority of those public employees (71.1%) working in the government. Within the private sector, the majority work in agricultural activity. According to the 1986 Population Census 58.3% of the private sector's employment is in agriculture²¹.

Looking at the third socio-economic group -the public sector's employees- the government and public enterprises employees are subject to one general grade ranking (Mansour, 1983). Only a small ratio of those employees -19.9% of government employees and 8.3% of the public enterprises employees- are subject to a special ranking and wage system which gives them significantly higher level of wages (see Table B-2 in Appendix B). The general ranking system divides the employment scale into the following descending nine grade levels: top level, high level, managerial level, first, second, third, fourth, fifth, and sixth levels. There is a minimum and a maximum wage level in each of these grades. Although the general grade system is the same for the government and public enterprises employees, the total monthly remunerations in the public enterprises are usually higher than in government for the same grade level. This is because this general ranking system determines the basic wages only, while the total monthly remuneration includes other extra money, like over-time, bonuses, cost of living allowances, etc., which are generally speaking greater in the public enterprises than in the government (Mansour,

²¹ Calculated from: CAPMAS (1986: 106-117, Table 21).

1983: 5). To draw the poverty border in this socio-economic group, i.e. to find out which grade levels' employees will be defined as poor judging by their total monthly receipt from the public sector, the average labour income of each grade level²², is calculated for the public enterprises employees (see Table A-1).

Assuming that the household's income poverty line in 1985/86 is only 15% higher than its level in 1984 -an assumption which is more on the conservative side we believe- the urban household's income poverty line will be, then, LE 2526.6. According to Table A-1, this means that the employees in the second grade level and below are receiving income equals to the income poverty level and below²³, since those are the employees with a net annual receipt from job of LE 2482 and less. This amounts to 1,211,440 employees in the public enterprises, if you include all second grade level employees (or 1,125,494, if you include half of them only), making 96.6% (or 89.7%) of the total employees in the public enterprises (calculated from Table B-3 in Appendix B). For the government employees, no data are available to us regarding the employees' classification by grade level as it is the case with the public enterprises. However, since the additional income (overtime, bonuses, etc.), is higher in the public companies than in the government as mentioned before, one can assume safely that the

²² The average labour income consists of basic wage plus all the extras of overtime, cost of living allowances, bonuses, etc.

²³ The poverty criteria for the public sector's employees is the urban income poverty line, because the majority of those employees work and live in the urban sector.

average net income of the government employees in the second grade level and below, is equal to, or less than, the urban income poverty level in 1985/86. Knowing, also, that the ratio of the top level employees to total employees in 1986/87 is 0.2% in the government and 0.9% in the public enterprises (calculated from Table B-2 in Appendix B), one can assume that the percentage of the government employees in the second grade level and below is at least equal to the same percentage in the public enterprises, which is 96.6% (or 89.7%) of the total employees in the government sector. Accordingly, one may summarize the situation in the public sector (government and public enterprises) that about 90% of the public sector's employees -amounting to 4,253,762 employees in 1985/86- are at the second grade level or below, and their income from labour is equal to, or below, the urban income poverty line.

Table A-1

Estimated Average Annual Income of the Public
Enterprises' Employees, by Grade Level
in 1985/86

(LE)

| Grade Level | Average Basic Wage | Average Added Allowances | Gross Average Income (=2+3) | Net Average Income |
|-----------------|--------------------|--------------------------|-----------------------------|--------------------|
| 1 | 2 | 3 | 4 | 5 |
| Top | 2603 | 3167 | 5770 | 4328 |
| High | 2100 | 2555 | 4655 | 3491 |
| General Manager | 1900 | 2309 | 4209 | 3157 |
| First | 1600 | 1945 | 3545 | 2836 |
| Second | 1400 | 1702 | 3102 | 2482 |
| Third | 1100 | 1337 | 2437 | 1950 |
| Fourth | 800 | 972 | 1772 | 1506 |
| Fifth | 700 | 851 | 1551 | 1318 |
| Sixth | 600 | 729 | 1329 | 1130 |

Source: Columns (2) and (3) are taken from Tables B-3 and B-4 in Appendix B. Column (5) is calculated after subtracting from gross income in Column (4), 25% for the three highest grade levels, 20% for the medium grade level (first and second and third) and 15% for the rest, to pay for taxes, pensions, social security and the monthly deductins (e.g. union subscriptions, medical issuance, etc.).

Looking at the agricultural landless labour in the private sector, who form the fourth socio-economic group, we believe that the majority of them -if not all of them- are living at the rural poverty income line or below it. This conclusion is reached by estimating, roughly, the annual income of the landless labour. Although the daily wage of the agricultural labour in the country side is high at present, and may reach LE 6 per day in some villages, the total annual income of the landless labour is, generally, below the rural income poverty line. This is because the landless agricultural labour do not work all year, even if we take into consideration their work in the non-agricultural activities. It has been estimated that the agricultural landless male labour works 180 days a year, including the non-agricultural activities²⁴. Accordingly, the total income earned by the male landless labour, with LE 6 per day, will be LE 1080 a year, which is below the household's income poverty line in the rural sector, even at the 1984 prices. The household's income poverty line in the rural sector is estimated to be LE 1645.5 a year for 1984 (Korayem, 1987: 45, Table 1-2). A sample survey study that has been carried out in rural Egypt in 1977, has also proved that the landless labour fall in the bottom income brackets (Radwan and Lee, 1986). Thus, we shall assume that this socio-economic group of agricultural landless labour is, totally, a poor group.

²⁴ This is the highest of four estimates provided in a study on the agricultural wage labour in Egypt (Mohie-Eldin, 1982: 252-253). The three other estimates of the number of working days of the male landless labour per year are 137 days, 147 days, and 129 days.

The number of the landless labour may be estimated, roughly, as 35% of the agricultural labour²⁵. According to the 1986 Population Census, the total number of agricultural labour is 4,736,585 persons (CAPMAS, 1986: 106-117, Table 21), thus, the landless labour will be then, 1,657,805 workers (i.e., 35% of agricultural employment).

The fifth socio-economic group is the agricultural land holders. In a study based on a sample survey of 800 landholders, carried out in upper and lower Egypt in 1984/85 (Ragab, 1988), it has been found that in the small landholdings, the relative share of non-agricultural income in total income is relatively high - above 50% for the landholdings of one feddan and less²⁶ - and this share decreases with the increase in the size of the landholdings (see, also, Table B-6 in Appendix B). This phenomenon of the relative large share of the non-agricultural income in the aggregate household's income, has also been confirmed in the study of Radwan and Lee (1986), which was based on a sample survey that was carried out in 1977. The average aggregate household's income from agricultural and non-agricultural sources was computed from the sample survey of 1984/85 as equal to LE 1388 and LE 1689 in upper Egypt, for the landholders of less than one feddan, and of 1-

²⁵ It has been found that the ratio of the landless labour to total agricultural labour is almost stable at 35% in the three Population Census of 1960, 1966, and 1976; see Mohie-Eldin (1982: 240-243).

²⁶ One feddan = 1.05 acres.

3 feddans respectively; while in lower Egypt, the average aggregate income for the landholders of less than one feddan, and of 1-3 feddans, was LE 889 and LE 2203 respectively (see Table B-6 in Appendix B). Comparing that with rural income poverty line, which is LE 1645.5 per household in 1984, one can conclude that, generally speaking, landholders of 3 feddans and less, especially in upper Egypt, are living at poverty line income and below. These represent in 1987, 2623 thousands agricultural landholders; representing, thus, 85.8% of all the landholders in Egypt (see Table B-7 in Appendix B).

Identifying who are the poor in the two remaining socio-economic groups -the private sector's labour working in the formal and informal markets- is more difficult to do compared to the other groups, because of the lack of data. The only source which includes relatively detailed data on the average weekly wage of the workers in private and public establishments (with 10 workers and more), is the Employment, Wages and Hours of Work, produced by CAPMAS; and the latest data available according to this source is for 1978, which is too old to be of benefit to us, because of the significant changes that took place in the wages during that period. Given the circumstances, we have to depend on broad guidelines, to arrive at a much looser definition of poverty within those two socio-economic groups as compared to the others. These two socio-economic groups include together 28.2% of the total employment in 1986²⁷, which

²⁷ Out of total employment of 11,919,287 workers, 8,072,063 workers are employed in the private sector according to the Population Census 1986; i.e., 67.7% of the total (CAPMAS, 1986: 106-117, Table 21). Since 58.3% of the private sector's

represent, then, 3,366,050 workers.

In a study on the informal sector in Egypt, estimates were attempted for the different groups in the sector (Abdel-Fadil, 1980: Tables 1, 6, 7, 12). These estimates are 205,338 employees in the small-scale manufacturing and handicrafts (at 1974)²⁸, 241,498 workers of itinerant and jobbing artisans who are self-employed (at 1976), 333,943 workers in petty and personal services (at 1976), and 258,899 persons employed in 'odd jobs' (at 1976). Taking the small manufacturing employment estimates as it is for 1976, the total employment in the informal sector in Egypt at 1976 is, then, 1,039,678, which represents 10.2% of the total number employed at 1976²⁹. Excluding the independent artisans and craftsmen and large segment of the persons performing domestic services (e.g., cooks, waiters, hairdressers, etc.) on ground that they are doing well financially, the study estimated the number of poor in the informal sector as equal to 555 thousand workers³⁰. However, it should be noted that the study has not adopted any 'poverty' criteria to use

employment work in agricultural activity, therefore, 3,366,050 workers (which represent 41.7% of private sector's employment), will be employed in the non-agricultural activities that comprise these two socio-economic groups. This represents 28.2% of the total labour employed in Egypt (= 3,366,050/11,919,287).

²⁸ Small-scale manufacture and handicrafts are defined as establishments employing one to nine workers.

²⁹ Total number of the employed in 1976, were 10,229,949 (6 years and over); see CAPMAS (1976: 153-160, Table 4).

³⁰ These consist of the following groups: 'odd-jobbers', petty traders and retailers, people performing various domestic services to families and individuals, operators of traditional means of transport and porters, and other unclassified informal services; see Abdel-Fadil (1980: 29, Table 13).

it in differentiating between the poor and the non-poor; all was based on personal judgement. Adding to the number of the poor estimated in the study 2/3 of the labour employed in the small-scale manufacturing and handicrafts -who amount to about 135 thousand persons- on the assumption that their average annual wages are expected to be less than the poverty line income³¹ - then the total number of poor will be 690 thousand, representing 66.4% of the employment in the informal sector in 1976.

In the relatively poor societies, like in Egypt, the tightening of jobs opportunities in the formal market is reflected into widening the size of the informal sector. This is because a good part of the new comers to the labour market, and those who have lost their jobs, cannot afford to remain openly unemployed while they have families to support. They join the informal sector working in different 'odd' jobs to earn some income. In other words, open unemployment is a luxury that cannot be afforded by many in the labour force in the poor developing countries. Thus, one expects a kind of opposite relationship between open unemployment, which indicates low demand for labour in the formal sector, and the size of the informal sector; the higher is the level of the unemployment rate, the larger will be the employment in the

³¹ Generally speaking, in the small-scale private establishments, the employment laws are not much abided by as in the large-scale private establishments, and the wages on the average are significantly lower; they are even lower than in the public sector in some cases. Thus, it seems reasonable to assume that about 2/3 of the employees in the private small-scale establishment are getting wages, on the average, below the income poverty line as compared to more than 90% of the employees in the public sector.

informal sector. Consequently, with a level of unemployment increasing from 7.7% in 1976 (CAPMAS, 1976) to 10.7% in 1986 (CAPMAS, 1986), one expects that the relative size of the informal sector's employment will increase, or at least remain the same, and the number of labour engaged in jobs with low productivity, and hence low remuneration, is expected to rise as well. Accordingly, assuming that in 1986, the informal sector includes 10.5% of the labour force employed, which is almost the same size as in 1976 (which was 10.2% of the labour force), this means that 1,251,525 persons are working in the informal sector. Assuming that 70% of them are poor -as compared to 66.4% in 1976 where the unemployment rate was much lower- this means that 876,068 workers in 1986 receive annual income equal to, or less than, the urban income poverty line of LE 2526.6.

One reservation is important to make here, regarding the definition of the poor in the informal sector as made in the study (Abdel-Fadil, 1980: 28-29); it excluded all the skilled workers, like carpenters, plumbers, electricians, etc. Our comment is that, not all of the skilled workers seem to earn income above the poverty line, as it may appear on the first thought. This is because, although the daily earnings of those skilled workers look high, one should consider also the number of days employed per year. After all, total earnings -which is what counts here- is the product of the number of working days and the daily earning. Thus, if we take the number of working days into consideration, one finds that a number of them may not make income higher than the income

poverty level of LE 2526.6 a year. Based on personal information in the private construction activity, which employs different types of skilled workers, the number of days worked by those skilled workers range, on the average, between 15-20 days a month, with daily earning ranging from LE 10-LE 15 for quite a few of them, and reaching LE 20 and LE 30 a day for some of them. Thus, assuming that the average working days are 210 a year, this means that the workers who get LE 12 per day will be making LE 2520 a year, which is just equal to the urban income poverty line. Thus, generally speaking, the skilled workers who are earning LE 12 per day or less are supposed to be considered among the poor groups employed in the informal sector.

Looking at the last socio-economic group, which consists of those working in the formal private sector, and represent 2,114,525 persons, not much can be said about the distribution of income earnings in this group, because of the data problem, again. This socio-economic group consists of those working in large private establishments of 10 workers and more, including cooperatives, foreign and international organizations. Generally speaking, one expects that the wage schedules in these establishments are relatively higher than the comparable jobs in the public sector. An indicator of the level of wages prevailing in the formal sector is the wage data for 1984, published by a consultant firm (the Middle East Advisors Group) for a sample of enterprises (Table B-8 in Appendix B). These data show the minimum and maximum level of monthly earnings (including salaries, bonuses, profit sharing,

overtime, and cost of living allowances) for seven job specifications: managers, professionals, skilled clerical, skilled technical, semi-skilled clerical, semi-skilled technical, and unskilled. If we compare the earnings of the employees with the urban income poverty line in 1984 -which is LE 2197.0 annually, and hence LE 183.1 monthly- one finds that the employees at the low wage scale level (L) in the last four jobs specifications (skilled technical, semi-skilled clerical, semi-skilled technical, and unskilled), receive income below the income poverty line, LE 162.78 - LE 72.0 monthly. However, if we look at the average wage in the given job specifications, we find that only the last job specification -i.e., the unskilled labour- will be classified as poor, since the average wage is LE 146.57 monthly. However, the unskilled workers at the high wage scale level (H) receive income above the income poverty level, (LE 221.14 a month). In other words, according to the data in Table B-8 in Appendix B, none of the employees at the high scale wage level can be identified as poor. These data, however, should be taken with great cautious, since the sample chosen is not a good representative to the private enterprises prevailing in Egypt; they consist mainly of what we may refer to as the rich segment of the private sector's enterprises.

Another set of data, which gives us another picture of the private sector in Egypt, are the data on employment and average wages of the skilled workers, who have lost their jobs and have registered as unemployed in the Minister of Manpower. These are included in Table B-9 in Appendix B. According to these data, the

employees in all the jobs specifications, except managers, receive income below the income poverty line, and hence will be classified as poor according to our poverty criteria. Considering the two pictures above, we may assume that 40% of the labour employed in the formal private sector -which represent 2,114,525 workers- receive income equals to the income poverty line or less. This form, thus, 845,810 workers.

Putting the pieces together, the total number of labour, whose earned incomes are equal to -or less than- the income poverty line, are estimated roughly as 11,832,544 workers in 1986, which represent 88.6% of the total labour force³².

³² The total labour force in 1986 was 13,349,243 persons (6 years and over); see CAPMAS (1986: 106-117, Table 22).

APPENDIX BSTATISTICAL APPENDIX

Table B-1
Pensioners and Social Security Receivers

| | 1985/86 | 1986/87 |
|---------------------------|---------|---------|
| 1. <u>Pensioners</u> | | |
| Annual Amount Paid (LE) | 7170664 | 7609904 |
| Numbers | 143926 | 129715 |
| 2. <u>Social Security</u> | | |
| Annual Amount Paid (LE) | 326240 | 314461 |
| Numbers | 20217 | 17583 |

Source: Minister of Social Affairs, Dept. of Information and Documentation, Statistical Indicators in the Areas of Social Care and Development; pp. 85-88 and pp. 250-253.

Table B -2
The Employees in the Public Sector
(Government and Public Enterprises)

| | 1985/86 | 1986/87 |
|---|---------|---------|
| <u>Government Employees in:</u> | | |
| 1. General Employment Scale | | |
| i. All Employees | 2691453 | 2768584 |
| ii. Including top grade level employees* | — | 4949 |
| 2. Special Employment Scales: | | |
| i. All employees | 667197 | 711607 |
| <hr/> | | |
| 3. Total Government Employees (=1(i) + 2(i)) | 3358650 | 3480191 |
| <hr/> | | |
| <u>Public Enterprises Employees On:</u> | | |
| 4. General Employment Scale: | | |
| i. All Employees | 1254160 | 1249184 |
| ii Including top grade level employees* | — | 11363 |
| 5. Special Employment Scale: | | |
| i. All Employees | 113593 | 116203 |
| <hr/> | | |
| 6. Total Public Enterprises Employees (=4(i) + 5(i)) | 1367753 | 1365387 |
| <hr/> | | |
| 7. Total Public Sector Employees (=3 +6) | 4726403 | 4845578 |
| <hr/> | | |

* Consists of the top grade levels of "general manager" and up.

Source: Ministry of Finance, State General Budget.

Table B-3

Annual Total and Average Basic Wages by Grade Level
for the Public Enterprises' Employees on the
General Employment Scale System
in 1985/86

| Grade | Number of Employees | Total Basic Wages (LE) | Average Basic Wage (LE) (= 3 - 2) | % of Total Wages in Each Grade Level |
|--------------------|------------------------|---------------------------|---|--|
| (1) | (2) | (3) | (4) | (5) |
| Top | 665 | 1730995 | 2603 | 0.147 |
| High | 2664 | 5594400 | 2100 | 0.475 |
| General Manager | 7711 | 14650900 | 1900 | 1.243 |
| First | 31680 | 50688000 | 1600 | 4.301 |
| Second | 171893 | 240650200 | 1400 | 20.419 |
| Third | 344455 | 378900500 | 1100 | 32.149 |
| Fourth | 236906 | 189514800 | 800 | 16.080 |
| Fifth | 219237 | 153465900 | 700 | 13.021 |
| Sixth | 238949 | 143369400 | 600 | 12.165 |
| Total | 1254160 | 1178575000 | 940 | 100.000 |

Source: The Estimated Budget for the Public Companies; Appendix (1), in Arabic.

Table B-4
Annual Added Allowances to Basic Wages
For the Public Enterprises' Employees
in 1985/86

| | (in thousands LE) |
|----------------------|-------------------|
| Bonuses | 874102.4 |
| Other Allowances* | 261810.6 |
| Privileges in Kind | 157854.5 |
| Pecuniary Privileges | 134796.7 |
| Total | 1432691.2 |

* Rawateb we Badalat

Source: The Estimated Budget for the Public Companies; Appendix (1), in Arabic.

Table B-5
Annual Total and Average Amount of Added
Allowances by Grade Level for the Public
Enterprises Employees in the General
Employment Scale System in 1985/86

(LE)

| Grade Level | Total Amounts of Added Allowances | Average Amount of Added Allowances by Grade Level |
|-----------------|--------------------------------------|---|
| (1) | (2) | (3) |
| Top | 2106056 | 3167 |
| High | 6508283 | 2555 |
| General Manager | 17808351 | 2309 |
| First | 61620048 | 1945 |
| Second | 292541210 | 1702 |
| Third | 460595890 | 1337 |
| Fourth | 230376740 | 972 |
| Fifth | 186550720 | 851 |
| Sixth | 174286880 | 729 |

Source: Column (2) is calculated by multiplying total amount of added allowances in Table B-4 (=LE1432691.2 thousands) by column (5) in Table B-3. Column (3) is calculated by dividing column (2) here by the number of employees in each grade level, taken from column (2) in Table B-3.

Table B-6
Average Household's Income According to
Agricultural Land-Holdings
Categories in Lower and Upper
Egypt, in 1984/85

(LE)

| Land-Holdings Categories | Net Agricultural Income | | Non-Agricultural Income | | Net Household's Income* | |
|-----------------------------|----------------------------|----------------|----------------------------|----------------|----------------------------|----------------|
| | Lower Egypt | Upper Egypt | Lower Egypt | Upper Egypt | Lower Egypt | Upper Egypt |
| One Feddan & Less | 202.9 | 591 | 686 | 721 | 889 | 1311 |
| 1-3 Feddans | 1577.6 | 1160 | 625 | 529 | 2203 | 1689 |
| 3-5 Feddans | 2027.9 | 2462 | 796 | 138 | 2824 | 2600 |
| Greater than 5 Feddans | 5517.8 | 6664 | 959 | 1882 | 6477 | 8546 |

* It is the summation of net agricultural income and non-agricultural income.

Source: Derived from the questionnaires of the sample survey as cited in:
Ragab (1988: 8-9, Table 3 and 14).

Table B-7
Agricultural Area Size and Number of Agricultural
Land-Holders per Land-Holding's Category
in 1987

| Holding's Categories | Agricultural Area | | Agricultural Land-Holders | |
|-------------------------|-------------------|-------|---------------------------|-------|
| | Thousands Feddans | % | Number (in Thousands) | % |
| Less than one Feddan | 900 | 16.6 | 1474 | 48.2 |
| 1-3 Feddans | 1883 | 34.7 | 1149 | 37.6 |
| 3-5 Feddans | 944 | 17.4 | 269 | 8.8 |
| 5-10 Feddans | 759 | 14.0 | 119 | 3.9 |
| Greater than 10 Feddans | 933 | 17.3 | 47 | 1.5 |
| Total | 5419 | 100.0 | 3057 | 100.0 |

Source: Ministry of Agriculture.

Table B-8
 Monthly Remuneration Ranges and Medians
 in Some Private Enterprises, in December 1984

| | (LE) | | |
|------------------------|---------------------|----------------------|-----------------------------|
| | Low Range (1) | High Range (2) | Average ((1+2)/2) (3) |
| Managers | 522.36 | 1319.35 | 920.86 |
| Professionals | 244.84 | 727.58 | 486.21 |
| Skilled Clerical | 197.65 | 796.94 | 497.30 |
| Skilled Technical | 162.78 | 622.22 | 392.50 |
| Semi-Skilled Clerical | 108.05 | 380.73 | 244.39 |
| Semi-Skilled Technical | 89.29 | 361.90 | 225.59 |
| Unskilled | 72.00 | 221.14 | 146.57 |

Source: Middle East Advisory Group, Table Survey of Personnel Policies and Salary Levels in Egypt, No. 16, December 1984, Table 29.

Table B-9
Average Monthly Wages of the Previously Employed
(While Presently Unemployed) Skilled Labor
Registered in the Minister of Manpower's Offices

| Occupational Category | Total Labor | | | Total Wages (LE) | | | Average Wages (LE) | | |
|--|-------------------|--------------------------|----|---------------------|------------------------|------|-----------------------|------------------------|-----|
| | Private Sector | Pub. Inves. Sec. Sec. | | Private Sector | Pub. Inv. Sec. Sec. | | Private Sector | Pub. Inv. Sec. Sec. | |
| Professional, Technical | 37 | 8 | — | 4261 | 585 | — | 115 | 73 | — |
| Administrative Managerial | 1 | — | — | 300 | — | — | 300 | — | — |
| Clerical | 218 | 107 | — | 19107 | 6971 | — | 88 | 65 | — |
| Sales | 47 | 18 | — | 3428 | 1121 | — | 72 | 62 | — |
| Services | 384 | 72 | 4 | 43776 | 6332 | 325 | 114 | 88 | 81 |
| Agriculture | 43 | 28 | — | 3230 | 1540 | — | 75 | 55 | — |
| Production | 415 | 159 | 4 | 34770 | 11908 | 410 | 84 | 75 | 103 |
| Fixing & Main- tenance | 1200 | 472 | 15 | 129600 | 39577 | 2070 | 108 | 83 | 138 |
| Harbor Work, Mechanics, Transportation | 3319 | 1343 | 40 | 364706 | 127585 | 5000 | 110 | 95 | 125 |

Source: Minister of Manpower, The Quarterly Bulletin for April/June 1987 (in Arabic).

SELECTED BIBLIOGRAPHY

- Abdel-Fadil, Mahmoud (1980) Informal Sector Employment in Egypt, International Labour Office, the technical papers of the ILO/UNDP comprehensive employment strategy mission to Egypt.

- _____ (1987) A New Look of the Hidden Economy and Informal Incomes in Egypt: Implications for Poverty Analysis and Fiscal Policy, Draft, December.

- Abdel-Khalek, Gouda (1987) Stabilization and Adjustment Policies and Programmes; Country Study 9: Egypt, Helsinki, World Institute for Development Economics Research of the United Nations University (WIDER).

- Central Agency for Public Mobilization and Statistics (CAPMAS) (1976), The Population Census, 1976, Egypt, (in Arabic).

- _____, The Population Census, 1986; Final Results, Egypt (in Arabic).

- Demery, Lionel and T. Addison (1987) The Alleviation of Poverty under Structural Adjustment, The World Bank.

- Glewwe, Paul and D. de Tray (1988) The Poor During Adjustment; A Case Study of Cote d'Ivoire, The World Bank, LSMS Working Paper No. 47.

- Glewwe, Paul and O. Kanaan (1988) Targeting Assistance to the Poor: A Multivariate Approach Using Household Survey Data, The World Bank, Draft, November.

- Glewwe, Paul and J. van der Gaag (1988) Confronting Poverty in Developing Countries; Definitions, Information and Policies, The World Bank, LSMS Working Paper No. 48.

- Helleiner, Gerald (1987) 'Stabilization, Adjustment and the Poor', World Development, Vol. 5, No. 12.

- Heller, P.S. and others (1988) The Implications of Fund-Supported Adjustment Programs for Poverty; Experiences in Some Selected Countries, The International Monetary Fund, Occasional Paper No. 58.

- International Monetary Fund, (1988) Arab Republic of Egypt - Recent Economic Development, May 10.

- Korayem, Karima (1984) The country's chapter on 'Egypt', in W. van Ginneken and J. Park (eds.), generating internationally comparable income distribution estimates, Geneva, International Labour Office.

- _____ (1987) The Impact of Economic Adjustment Policies on the Vulnerable Families & Children in Egypt, A Report Prepared

for The Third World Forum (Middle East Office) and the United Nations Children's Fund (UNICEF), Egypt.

- _____ (1990) Adjustment and Equitable Growth: the Case of Egypt, Organization for Economic Cooperation and Development (OECD), forthcoming.

- Kyereme, S.S. and E. Thorbecke (1987) 'Food Poverty Profile and Decomposition Applied to Ghana' World Development, Vol. 15, 1189-1199.

- Lipton, Michael (1988) The Poor and the Poorest: Some Interim Findings, World Bank Discussion Papers, No. 25.

- Mansour, Mohamed (1983) Towards Rationalization of the Wage Policies in the State Sectors in Egypt, a paper presented in the 8th Conference of the Egyptian Economists, May 12-14 (in Arabic).

- Middle East Advisory Group, Table Survey of Personnel Policies & Salary Levels in Egypt, No. 16, December 1984, Table 29.

- Minister of Manpower, The Quarterly Bulletin, April/June 1987 (in Arabic).

- Minister of Social Affairs, Department of Information and Documentation (1988) Statistical Indicators in the Areas of Social Care and Development, Cairo (in Arabic).

- Mohie-Eldin, Amr (1982) 'The Development of the Share of Agricultural Wage Labour in the National Income of Egypt' in G. Abdel-Khalek and R. Tignor (eds.) The Political Economy of Income Distribution in Egypt, New York, Holmes and Meier Publishers Inc.

- Radwan, Samir and E. Lee (1986) Agrarian Change in Egypt, London, Croom Helm.

- Ragab, Saad (1988) Non-Agricultural Income in the U.A.R., Cairo, Draft (in Arabic).

- Ravikanbur, S.M. (1987) 'Structural Adjustment, Macroeconomic Adjustment and Poverty: A Methodology for Analysis', World Development, Vol. 15, No. 12, December.

- Sen, A. (1976) 'Poverty: An Ordinal Approach to Measurement', Econometrica, Vol. 44, No. 2, March; 219-231.

- The World Bank (1988) Targeted Programs for the Poor During Structural Adjustment: A Summary of a Symposium on Poverty and Adjustment, April.

مطبعة معهد التخطيط القومي

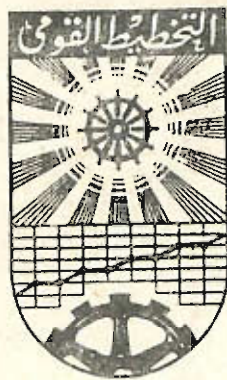


Table B-8
 Monthly Remuneration Ranges and Medians
 in Some Private Enterprises, in December 1984

| | (LE) | | |
|------------------------|---------------------|----------------------|-----------------------------|
| | Low Range (1) | High Range (2) | Average ((1+2)/2) (3) |
| Managers | 522.36 | 1319.35 | 920.86 |
| Professionals | 244.84 | 727.58 | 486.21 |
| Skilled Clerical | 197.65 | 796.94 | 497.30 |
| Skilled Technical | 162.78 | 622.22 | 392.50 |
| Semi-Skilled Clerical | 108.05 | 380.73 | 244.39 |
| Semi-Skilled Technical | 89.29 | 361.90 | 225.59 |
| Unskilled | 72.00 | 221.14 | 146.57 |

Source: Middle East Advisory Group, Table Survey of Personnel Policies and Salary Levels in Egypt, No. 16, December 1984, Table 29.