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The Formulation of a Gross Financial Stocks Interrelation Matrix of Egypt

By

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I- Introduction:

In any economy, one may differentiate between real
and financial flows. The former represent the produc-
tion of goods and services whereas the latter represent
changes in the financial assets existent in the economy.
In a monetized economy the two types of flows are so in-
terrelated that one may describe them as two faces of the
same coin. In Egypt, although the literature describing
the real flows in the economy is relatively extensive,
significant aspects of the financial flows have been left
unexplored. The existing literature on the subject co-
vers the assets and flows of the financial sector, espe-
cially the banking system; but none of it, as far as we
know, has dealt with the financial assets and flows of
the real sectors. This might have been justified in the
past on the basis that an important segment of the eco-
nomy, the agriculture sector, was largely based on barter

transactions. But this justification is no longer applicable since most of the economy, including the agricultural sector, is monetised.

The current lack of systematic knowledge about the sectoral and aggregate financial flows in the Egyptian economy discourages the undertaking of some important points of research. For example, it is clear that there is imbalance between the financial and the real flows in Egypt which results in the rise in prices[1]. Any study analysing this" imbalance" and/ or suggesting ways to restore financial stability[2] to the Egyptian economy requires a set of data showing the volume and the direction of the intersectoral financial flows in the economy. The same kind of data are required if one wants to build an econometric model which could be used as an aid to financial planning. The current lack of data and systematic knowledge about the aggregate financial assets and flows in Egypt forms a gap in the pertinent literature in the country. The

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[1] See the cost of living index in Table 7 in the Appendix.

[2] By financial stability is meant the equality between the financial flows and the real flows in the economy at desired prices.

first step to be taken to bridge this gap is to or-
ganize the financial data of Egypt in one of the
financial accounts' form.

One may distinguish two well known forms of fina-
ncial accounts, the financial flow of funds matrix[1]
and the lending/borrowing matrix. The financial flow
of funds matrix includes information about gross do-
mestic savings, non-financial capital acquisition and
net lending or borrowing of the different sectors.
Each vertical column in the matrix represents a sec-
tor and each row represents an economic activity[2].
This presentation gives the users an opportunity to
examine the total of any one transaction type as well
as its allocation to the various sectors. The lend-
ing/borrowing matrix is a less comprehensive form of
financial account. It is a framework for outlining
an economy's lending and borrowing structure. A sim-
ple lending/borrowing matrix is one whose rows repre-
sent lending by financial institutions through finan-

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[1] The financial flow of funds matrix is called, also, the
financial flow of funds table.

[2] See the financial flows matrix formulated for Cananda in
Financial Flow Accounts (any year), Dominion Bureau of
Canada Statistics.

cial markets and whose columns represent the sectors.
Summing horizontally gives total lending of each fina-
ncial institution; summing vertically gives total
borrowing by each sector. One disadvantage of the sim-
ple lending/borrowing matrix is that it provides infor-
mation on only one side of the balance sheet of each
group: the liability side for the sectors, the asset
side for the financial institutions. This limitation
can be overcome by the extension of the matrix so that
all sectors, financial and real, appear once as a len-
der and once as a borrower. Thus, the asset and the
liability sides of the balance sheets of the economic
units can be observed. However, one disadvantage of
both the simple and the extended versions of the lend-
ing/borrowing matrix is that no breakdown into types of
financial claims is given. For such information flow
of funds or sectoral balance sheets are necessary.

In this study, we shall try to formulate the equi-
valent of the extended version of the lending/borrowing
matrix in terms of stocks. The matrix will be called
the Gross Financial Stocks Interrelation Matrix. It
should be mentioned that financial flow of funds tables

have been formulated for Egypt for the years 1957,
1958, and 1959. In these tables, however, most of the
entries that represent financial flows taking place
between nonfinancial economic units were empty[1]. This
was due to the absence of the balance sheets for the
household and the private business sectors[2]. Unfor-
tunately, we have not been able to obtain any of these
tables to find out how they were formulated. They
would have been useful as a benchmark for the data used
here. The Gross Financial Stocks Interrelation Matrix
will be formulated for Egypt at several points of time
between 1952 and 1970. One cannot claim, however, that
all the components of the Matrix can be estimated corr-
ectly without the missing balance sheets of the house-
holds and the private business sector. However, we
face two alternatives, either to build an imperfect
Financial Stocks Interrelation Matrix or to give up the
whole idea and leave the area of the aggregate sectoral
financial flow unexplored. We have chosen the former
alternative.

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[1] A L. Aziz, The Problems of Formulating the Financial Flow
of Funds Table(written in arabic), Institute of National
Planning, memo. no. 237, 1972, P. 8.

[2] Ibid. P. 5.

The study will be organized as follows: introduction will form the first part of the paper. The second part will consist of an over-all view on the components of the matrix The assets and liabilities of the financial sector and the financial assets and liabilities of the real sectors will be discussed in the third and fourth parts of the paper respectively. The Conclusion will form, then, part five in the study.

II- <u>An Overall View on the Components of the Matrix.</u>

The gross Financial Stocks Interrelation Matrix consists of the consolidated financial assets and liabilities of the financial and real sectors in the economy. It is a sectoral classification of the sources and uses of funds. These matrices have been constructed for Egypt for the years 1952, 56, 60, 62, 64, 66, 68, and 70. During this Period, 1952-70, the economic, system in Egypt has undergone considerable structural changes, which have been considered in the assumptions underlying the formulation of the Matrices before 1961 and comparing them with the matrices formulated after 1961, one can perhaps discover the pattern changes in the financial flows over the period between 1952 and 1970.

The Gross Financial Stocks Interrelation Matrix
of Egypt has been constructed as a 7 by 7 matrix, ex-
cept in 1952(5 by 5 matrix) and in 1956(6 by 6 matrix)
because of the lack of data for some institutions.
Its columns and rows represent the financial and the
real sectors as sources and users of funds, respec-
tively. In other words, the columns of the matrix
show the assets of the different sectors whereas the
rows represent the liabilities of the same sectors.
These sectors, comprise the following: the financial
sector, divided into the central bank, the commercial
banks, the specialized banks[1] and the non-banks[2]; the
private sector[3]; the government sector and the foreign
sector. To formulate the Matrix, we estimated the
assets and liabilities distributed within the finan-
cial sector, the assets and liabilities distributed be-
tween the financial sector and the real sectors(the
government, the private and the foreign sectors), and

[1]The agricultural bank, the industrial bank, and the real
estate bank.

[2]The Public Social Insurance Fund, the Public Insurance and
Pension Fund, the Egyptian General Insurance Organization
and the Post Office fund.

[3]The private sector includes government enterprises.

the assets and liabilities distributed among the real
sectors themselves. The first two classes of finan-
cial stocks are derived from the balance sheets of the
financial institutions. The latter class, the finan-
cial stocks owned and used by the real sectors, should
be derived from the balance sheets of the government,
the private and the foreign sectors. We shall discuss
the construction of the Matrix in two steps. First,
the estimation of the assets and liabilities distribu-
ted within the financial sector and between the finan-
cial sector and the real sectors; and second, the esti-
mation of the assets and liabilities distributed among
the real sectors themselves.

III- The Assets and Liabilities of the Financial Sector

The first step in estimating the gross financial
stocks of the financial sector in Egypt is to formulate
the balance sheets of the central bank, the commercial
banks, the specialized banks, and the non-banks on a
comparable basis. Five sources of data were used to
prepare the balance sheets of the financial institu-
tions over the period 1952-1970. Minimal use was made
of the International Financial Statistics(IFS) as our

main source because its data are not detailed enough
to carry out the analysis in the thesis. Furthermore,
the data for financial institutions other than banks
are not included in IFS data. However, we have depend-
ed completely on the IFS in deriving the time series
data for the central bank of Egypt(Table 4 in the Appen-
dix). The commercial banks' series(Table 1 in the Appen-
dix) and most of the series of the specialized banks
(Table 2 in the Appendix) were derived from some issues
published by the central bank of Egypt. The rest of the
series of the specialized banks(Table 2' in the Appendix)
were derived from the IFS. Several problems have emerg-
ed with respect to differences in the classification of
items of the same financial institution over different
periods, as is clear from the notes and the "Notes of Re-
conciliations" attached to the above mentioned Tables.
The collection and the classification of the raw data for
the non-banks has not been an easy task. There are four
non-bank institutions in Egypt. Their data are available
in three different sources: the annual Yearbook of the
Egyptian General Insurance Organization; the annual Year-
book of the Public Social Insurance Fund; and the annual
Yearbook of the Public Insurance and Pension Fund. The

components of the balance sheets of these institutions
are not comparable. An effort was made to put these
balance sheets in compatible form with the balance
sheets of the banks. These data are presented in Table
3 in the Appendix. Tables 1-4, then, include the data,
in a completely compatible form and in as much detail
as possible, of all the financial institutions in Egypt.

The next step is to consolidate the balance sheets
of the financial institutions into one matrix. Several
problems arose in this respect. For example, the claims
of the central bank on the commercial banks as they
appear on the assets' side of the central bank's balance
sheet are not necessarily equal to the corresponding
item on the liabilities' side of the commercial banks'
balance sheet since both balance sheets are derived from
different sources. Another problem is the treatment of
items which do not clearly belong to either the private
or the government sector. Two alternative approaches
were considered to solve this problem. The first app-
roach is to apply some rules and assumptions in order
to include the unclassified items and statistical errors
due to inconsistencies in the different balance sheets

in either financial or real sectors[1]. The second app-
roach is to incorporate unclassified items and the
statistical errors in a seperate item, which we will
call "residuals". The second approach was chosen for
two reasons. First, it avoids any confusion which may
be caused by mixing up the unspecified items and the
statistical errors with the well defined items of the
different sectors. Second, it corresponds to the tra-
dition in flow of funds tabulation[2,3].

To estimate the consolidated assets and liabili-
ties of the financial sector, the following assump-
tions and definitions were made:

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[1] For example, whenever specialized banks' "borrowing(credit)
from the central bank" in Table 2 or 2' differs from central
bank's "claims on specialized banks" in Table 4, we might
adjust the central bank's claims to the specialized banks'
borrowings. The sources of adjustment would be central bank's
"claims on private sector" and central bank's "claims on
government" before and after 1961 respectively, since the cen-
tral bank was privately owned before 1961.

[2] See S.B. Packer, "Flow of Funds Analysis- Its Uses and Limi-
tation", C.F.A. Reading in Financial Analysis the Institute
of Chartered Financial Analysis(Homewood, Illinois: Richard
D. Irwin Inc., 1966), PP. 152-163.

[3] To compare the effect of the approaches on our course of
study, the Gross Financial Stocks Interrelation Matrix has
been formulated using the first approach as well. It has
been found that the difference is in the amounts of the
sectoral financial flows, actual and forecasted, and not
in the trends of these flows.

1- General Assumptions:

1. In all the cases(except one) whenever item "A", for example, has two different values in two different balance sheets, the largest value of A is the one which appears in the formulated matrix and the necessary adjustment is made from the unclassified items in the balance sheet with the lower value of A. This adjustment procedure[1] was chosen on the assumption that the source with the highest figure is the one which records all the relevent items that arise. Thus, the highest figure is assumed to be the accurate one. It is also chosen because it is preforable to decrease the value of the residual rather than to increase it. The single exception to this treatment is currency kept inside the banking system[2]. Currency kept inside the banks is always based on the central bank's balance sheet whether

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[1] An alternative adjustment is to use the lower value of "A" in the matrix and adjust the higher value by adding the difference of the two values to the residual item in the relevant balance sheet.

[2] The currency kept inside banks is the difference between the items "reserve money" and "currency outside banks" which appear in the central bank's balance sheet(Table 4 in the Appendix).

or not it is greater than the summation of the items
"cash" and "balance with C.B.E." as they appear in the
commercial banks' balance sheet. As a result of this
treatment, currency issued by the central bank, which
is an important determinent of the money supply in the
economy, can be derived directly by summing the central
bank's liabilities to the private sector and to the
banks as they appear in the Gross Financial Stocks In-
terrelation Matrix.

2. After the necessary adjustment is made from the un-
classified items, the remainder is attributed to the
"residuals" sector.

3. The "residuals" sector contains balancing items bet-
ween the sources and uses of funds[1]. It consists of two
components: the items which could not be allocated to
other sector, e.g., "other assets"and "other liabilities"
and the statistical errors due to data inconsistencies in

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[1] "Historically, the sources and uses of funds are necessarily
equal ....The residual item, however labelled, is for past
years the balancing item-all the sources of funds in the
market which could not be specifically identified but must
have come from somewhere in order to make the total equal
the uses". S.B. Packer, op. cit., P. 161.

the different balance sheets. For example, in some years
central bank's "claims on commercial banks" in Table 4
is different from the corresponding item commercial banks
"borrowing from C.B.E." in Table 1. The difference bet-
ween these two items is allocated to the "residuals" sec-
tor.

2- Assumptions related to the Central Bank:

4. "Currency outside banks" in the central bank's
balance sheet(Table 4) should be assets of the private
and the government sectors. It is expected, however,
that the amount of cash kept by the government is very
small relative to the cash held by the private sector
for the following reasons: 1- In Egypt, as in other
developing countries, banking habits are not widesp-
read. Most of the payments made by the public are in
the form of currency and not in the form of cheques as
they are in the developed countries. 2- Intergovernment
payments are mainly made by transforms of banking acc-
ounts. Thus, the amount of currency kept by the govern-
ment is expected to be relatively small. Unfortunately,
no data are available in this respect. We shall assume
that all the currency outside the banking system is an
asset of the private sector.

asset of the private sector[1].

3- Assumptions related to the Specialized Banks:

5. For the specialized banks we have used Table 2"
for the period 1957 through 1960 and Table 2' for the
period 1962 through 1970. But total liabilities in
Table 2" are given only as an aggregate figure. For this
reason, we have used the liabilities' classification of
Table 2, excluding "other liabilities", of course(see
the Notes of Reconciliation between Tables 2 and 2' in
the Appendix.

6. Before 1961, 50 percent and 51 percent of the
capital accounts of the agricultural and industrial banks
respectively, are assumed to be assets of the government.
Also 50 percent and 30 percent of the capital accounts of
the agricultural and industrial banks, respectively, are

[1]Currency has also been treated by Hansen as an asset of the
private sector. The private sector includes government com-
panies. See B. Hansen, and G. Marzouk, op. cit., P. 219;
see also G. Kardouche, The U.A.R. in Development; a Study
in Expansionary Finance (New York: Frederick A. Praeger,
1966), P. 65.

assumed to be assets of the commercial banks. The rest
of the capital accounts of the specialized banks have
been regarded as private assets[1]. After July 1961 the
entire banking system was owned by the government[2].
Thus, the capital accounts of the specialized banks are
assumed to be assets of the government after 1961.

7. "Commodities" in Tables 2" and 2' are assumed to
be liabilities of the government sector. This assump-
tion is justified as follows. The item "commodities"
(= "goods" in Table 2) is divided into two items: "on
government account" and "on bank's own account" as in-
dicated in Table 2(see Notes of Reconciliation between
Tables 2 and 2'). This means that by treating "commodi-
ties" as government's liabilities, it is implied that
its components —"on government account" and "on bank's
own account"- are liabilities of the government sector.

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[1]The ownership shares are taken as the basis for the alloca-
tion of the capital account between the government and the
private sector. For the ownership shares of the government
and others in specialized banks, see H.N. Selim, The Deve-
lopment of the Banking System in A.R.B. (Cairo, the Insti-
tute of National Planning, 1972), PP. 7-8.

[2]Kardouche, op. cit., P. 24.

Although it is self explanatory why "on government account" is treated as liabilities of the government sector, this is not the case with the item "on bank's own account". "On bank's own account" is attributed to the government sector over the period 1956 through 1970 because of the following:(a) It is observed that in Table 2 the item "goods" is included only in the assets of the agricultural bank. This means that "on bank's own account" is an item of the agricultural bank. (b) Before 1961 the agricultural bank was owned by the government and the commercial banks. But the commercial banks were under the government's ownership after the Egyptianization of the foreign banks in 1956. On this basis "on bank's own account" has been treated as claims of the specialized banks on the government sector during the period 1956 through 1960. (c) After 1960 the treatment of "on bank's own account" as government liabilities is, obviously, accurate because of the Nationalization Acts that were put into effect in 1961.

4- Assumptions related to the Commercial Banks:

8. Before 1957 the paid up capital of the commercial banks is treated as an asset of the foreign sector be-

cause most of those banks were -until the Egyptianiza-
tion of 1956- branches of foreign banks[1]. After 1956
the paid up capital of the commercial banks is regard-
ed as an asset of the government[2].

5- Assumptions related to the Non-Banks:

9. The liabilities of non-banks intermediaries -the
Public Social Insurance Fund, the Public Insurance and
Pension Fund, the Post Office Fund, and the Egyptian
General Insurance Organization- are assumed to be assets
of the private sector, since most of their funds are ob-
tained from the private sector. The funds of the Public
Social Insurance Fund and the Public Insurance and Pen-
sion Fund are obtained from the contributions of govern-
ment and non-government employees. Also most, if not all,
of the Post Office deposite are assumed to belong to the
private sector since the government and its institutions

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[1]B. Hansen, and G. Marzouk, op. cit., P. 166, 213.

[2]It should be pointed out that in 1957, National Bank of
Egypt and Bank Misr were still privately owned. Unfortu-
nately, we cannot separate their paid up capital from
the others. Hence, they are treated as the others. The
two banks were nationalized in February 1960. See Kar-
douche, op. cit., P. 24.

deal, generally, with the banking system[1]. The Egyptian General Insurances Organization was established in December 1961 to take over the nationalized insurance companies[2]. The main sources of these companies' funds are individual and group life insurance policies[3]. Thus, one can assume that the funds of the Egyptian General Insurance Organization are derived mainly from the private sector.

10. The entry in the Financial Stocks Interrelation Matrix showing the assets and liabilities held within the non-bank sector itself is composed of the following:

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[1] The Post Office and other savings banks, opened at the beginning of the century, were designed to attract small savings, since the minimum deposit allowed was 5 milliemes and the maximum LE 500, a figure subsequently raised to LE 2000". Issawi, op. cit., P. 253.

[2] Most of the insurance companies were owned by foreigners. In 1957 law no. 23 decreed the Egyptianization of all insurance companies within five years. Issawi, Ibid., P. 253.

[3] For example, in 1958 the value of the life assurance policies were LE 152.2 million compered to other insurance business included capital redemption assurance which had a value of LE 9 million and general insurance(fire, accident, transport, etc.) which had a value of LE 6.2 million. See Issawi, Ibid., P. 254.

1- The part of the "savings deposits" of the Public Social Insurance Fund held by the Post Office Fund(see note 7 of Table 3). 2- The part of "total claims" which represents the claims on insurance companies and private savings funds according to law no. 64 passed in 1963(see note 8 of Table 3).

11. The liabilities of the government to the non-banks consist of treasury bills held by the Public Insurance and Pension Fund(see note 10 of Table 3) and the figure corresponding to the item "ministry of treasury" in the non-banks balance sheet. Unfortunately, we don't have separate figures for treasury bills held by non-banks after 1967(see note 10 of Table 3). In order to extrapolate the treasury bills' figure to 1970 we have done the following: 1- We have calculated the ratio of treasury bills to commercial papers held by the Public Insurance and Pension Fund over the period 1961 through 1967, when treasury bills were listed as a separate item[1].

1 The ratios of the treasury bills to the commercial paper held by the Public Insurance and Pension Fund over the period 1961 through 1967 are the following:

Year	1961	1962	1963	1964	1965	1966	1967
Treasury Bills/Commercial Paper	0.5070	0.4893	0.4894	0.4904	0.4908	0.4897	0.8470

The above ratios are calculated by using Table 3 and notes 10 of Table 3 in the Appendix.

2- The average of these ratios(0.5434) was used to cal-
culate the amount of treasury bills in 1968 and 1970.
For example, we compute the amount of treasury bills held
by the Public Insurance and Pension Fund in 1970 by mul-
tiplying this average(0.5434) by the amount of commercial
paper held by this institution in 1970.

12. The item "total fixed assets" of the non-banks is
attributed to the "residuals" sector.

IV. The Financial Assets and Liabilities of the Real Sectors

The financial assets and liabilities of the real sec-
tors should be derived from the balance sheets or equiva-
lent sources of data of the government, the private and
the foreign sectors. Unfortunately, neither the balance
sheets nor any other equivalent source of information are
available for the government and the private sectors. The
required data for the foreign sector were calculated from
several issues of the International Monetary Fund(IMF)
Balance of Payments Yearbook[1]. From this source of data
we were able to estimate the assets and liabilities of

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[1]IMF, Balance of Payments Yearbook, volumes I(1938, 1945,
1947), V(1954), VIII(1957), XII(1961), XIV(1963),
XVII(1966), and XXII(1971).

the government and the private sectors vis-à-vis the foreign sector. These were estimated as follows: the foreign assets of the government(the private sector) in year(t) are equal to total credit items of the government(the private sector) for that year as derived from the IMF Balance of Payment Yearbook[1] plus its net assets accumulated through year(t-1)[2]. By the same token, the foreign liabilities of the government(the private sector) in year(t) are equal to its total debit entries for that year plus its net assets accumulated through year(t-1). This procedure allows us to use the assets and the liabilities entries in the Gross Financial Stocks Interrelation Matrix to show whether the government is a net debtor or a net creditor to the foreign sector at a given point

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[1] Total credit and debit items of the government and the private sectors as derived from the IMF Balance of Payments Yearbook are presented in Table 6 in the Appendix.

[2] The accumulated net assets and liabilities of the government and the private sectors over the period 1946 through 1970 are presented in Table 10 below. In this Table a positive figure of "government(private) foreign debt" represents accumulated net liabilities of the government(private) sector to the foreign sector, whereas a negative figure of "government(private) foreign debt" represents accumulated net foreign assets of the government(private) sector.

of time. The net debt of the government depends not only on the transactions that take place between the government and the foreign sector during year(t), but also on the net outcome of the previous transactions between the two sectors. For example, the credit transactions of the government may exceed its debit with respect to the foreign sector during a certain year, but its foreign debt cumulated over the previous years may be larger than this surplus so that the government still-remains a debtor to the foreign sector. This means that in order to estimate the foreign assets and liabilities of the government and the private sector at any given year we must first estimate the foreign debt of the government and the private sector accumulated through the previous years.

To estimate the government(the private sector) foreign debt accumulated over previous years, we will be concerned only with the "regular" transactions recorded in the IMF Balance of Payments Yearbook[1]. Thus, the items listed un-

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[1] In any balance of payments account there are "regular" transactions and "settling" transactions. The latter are transactions made to settle any gap between regular purchases and sales. See R.A. Mundell; International Economics(New York: the Macmillan Company, 1968), PP. 141-142.

der "official reserves and related items"[1] in the IMF
Balance of Payments Yearbook are not included in our
estimates of the debts. Neither are we interested in
items cited under "monetary sector"[1] since the relev-
ant figures are supposed to be derived already from the
banks' balance sheets[2]. Finally, to separate govern-
ment foreign debt from private foreign debt some assump-
tions have to be made to determine which items relate to
the government and which relate to the private sector.
The estimates of the foreign debt of the government and
the private sector in Table 1 are based on the follow-
ing assumptions: 1- We have assumed that the foreign debt

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[1] See volume XXII(in the October's issue the item "allocation
of SDR" is also excluded). We notice that the titles "mone-
tary sectors" and "official reserves and related items" do
not appear in all the issues of the Yearbook since the cla-
ssification differs slightly from one volume to another. The
items corresponding to the ones listed under the above men-
tioned heading have been treated similarly in all issues.
We have depended on the explanatory notes of the Table in
the Yearbook to pick the relevant items.

[2] Foreign assets and liabilities are cited in the balance
sheet of the central bank only (Table 4 in the Appendix).

of both the government and the private sector was zero
at the beginning of 1946. The assumption of zero gove-
rnment foreign debt is justified by the fact that in
1943 all regular public debts in foreign currency were
either converted into obligations in Egyptian pounds or
redeemed[1]. No information about the private foreign
debt before 1946 is available to us. The absence of a
continuous series of data prior to 1946 gives us no al-
ternative but to start from a base of zero for the for-
eign debt(government and private) at the beginning of
1946.

2. "Merchandise": Before 1962 ninety per cent of
the imports(= debit entry of "merchandise") are attri-
buted to the private sector and ten percent to the gove-
rnment. This assumption is based on the shares of gover-
nment and private demand for imports relative to the
total final demand for imports in the 1954 input-output
Table of Egypt[2]. All exports(= credit entry of "mercha-
ndise") are attributed to the private sector because the

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1 Hansen and Marzouk, op. cit., P. 269.

2 In 1954, private demand for imports equaled LE 73760,000;
government demand for imports equaled LE 8340,000; and
total final demand for imports equaled LE 82110,000.

private enterprise was the dominant unit of production in the Egyptian economy before the nationalization acts of 1961. After 1961 all imports and three-fourth of the exports are attributed to the government sector whereas the remainder of exports are attributed to the private sector[1].

3. The item "freight and insurance on merchandise" which appears in the IMF Balance of Payments Yearbook volume XXII(1970) is treated in the same way as we have treated "merchandise" above: seventy five percent of the credit entries are attributed to the government sector and twenty five percent to the private sector: debit entries are treated as a government item.

4. "Transportation": "Suez Canal dues" are attributed to the private sector before 1957. This is because the Suez Canal Company was an Egyptian joint-stock company until the nationalization of the Canal in July 1956[2]. After 1956 this item is attributed to the government. The item "shipping" is treated as private before

1 See the Charter for National Action, May 1962, PP. 78-79 (the arabic edition). This charter, announced by Nasser, is assumed to underlie Egypt's economic policy since 1962.

2 H.J Schoufield, The Suez Canal in Peace and War 1869-1969, revised ed.(Coral Gables, Florida: University of Miami Press, 1969), P. 137.

1961. Beginning in 1962 this item(cited as "other" in volumes XVII and XXII)[1] is treated as a service purchased by the government.

5. Investment income: Before 1960 the credit entries of this item are attributed to the government, since they consist mainly of interest receipts on sterling balances and sterling securities. The debit entries of the item are treated as private before 1957. From 1957 through 1960, after the nationalization of the Suez Canal in 1956, fifty percent of the debit entry is treated as government and fifty percent as private[2]. The debit entries represent the payments made to nonresident investors, including dividends paid abroad by the Suez Canal Company and profits of oil companies remitted abroad. These two sub-items together form the largest portion of "investment income"[3]. After 1965 this item is separated into "on direct investment" and "other"[4]. "On direct invest-

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1 See the explanatory notes on transportation in volumes XVII and XXII.
2 The debit entries in 1957,58, and 59 are(in LE million)2.9, 2.2 and 2.2 respectively.
3 See the explanatory notes of Egypt's Table in volumes I,V, VIII, XII and XIV.
4 See volume XIX (June 1968).

ment"[1] is attributed to the government sector. The credit entries of "other investment income" are treated as half government and half private, whereas the debit entries are attributed to the government sector[2]. "Investment income" during the period 1960 through 1964 is treated in the same way as we have treated "other" above(i.e., the credit entries are treated as half government and half private, and the debit entries are attributed to government). Separate estimates of direct investment income are not available for years prior to 1965. For these years direct investment income is included in the item "other"[3].

6. The item "miscellaneous" is attributed to the private sector because it is identical to the item "other

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[1] The credit entries mainly cover remittances from abroad by branches of Egyptian shipping and airline companies. The debit entries represent profits remitted abroad by direct investment enterprises in Egypt. See the explanatory notes in volumes XIX and XXII.

[2] The credit entries of "other investment income" cover, mainly, profits earned(other than on direct investment) and interest received in foreign securities, and the debit entries cover, mainly, interest paid on foreign loans. See the explanatory notes in volumes XIX and XXII.

[3] We have treated "investment income" as "other" because, judging by the available figures in 1965 and after, "other investment income" and not "direct investment" forms the largest portion of the item(see volumes XIX and XXII).

Table 1

Net Accumulated Foreign Assets and Liabilities
of the Government and the Private Sectors[1]

LE million

Year	The Change in Government Foreign Debt	Government Foreign Debt	The Change in Private Foreign Debt	Private Foreign Debt
	1	2	3	4
1946	- 10.44	- 10.44	30.84	30.84
1947	- 2.66	- 13.10	32.36	63.20
1948	- 16.26	- 29.36	23.26	86.46
1949	13.83	- 15.53	- 5.63	80.83
1950	- 1.61	- 17.14	6.21	87.04
1951	7.28	- 9.86	9.42	96.46
1952	19.92	10.06	38.68	135.14
1953	7.67	17.73	8.03	143.17
1954	13.02	30.75	- 12.62	130.55
1955	19.26	50.01	12.40	142.95
1956	- 5.07	44.94	41.17	184.12
1957	9.04	53.98	21.56	205.68
1958	- 0.82	53.16	22.22	227.90
1959	- 10.94	42.22	39.24	267.14

1 A negative figure of government(private)foreign debt in-
dicates accumulated net foreign assets to the government
(private) sector,whereas a positive figure of government
(private) foreign debt indicates accumulated foreign
liabilities to the government(private) sector.

Table 1(Continued)

Net Accumulated Foreign Assets and Liabilities
of the Government and the Private Sectors

LE million

Year	The Change in Government Foreign Debt	Government Foreign Debt	The Change in Private Foreign Debt	Private Foreign Debt
	1	2	3	4
1960	2.62	44.84	17.66	284.80
1961	- 36.74	8.10	54.88	339.68
1962	136.77	144.87	- 70.86	268.82
1963	100.96	245.83	- 70.25	198.57
1964	81.42	327.25	- 70.16	128.41
1965	118.43	445.68	- 70.14	58.27
1966	107.56	553.24	- 82.32	- 24.05
1967	109.73	662.97	- 78.64	-102.69
1968	74.81	737.78	- 78.30	-180.4
1969	125.39	863.17	- 86.67	-267.66
1970	165.41	1028.58	-100.16	-367.82

Source: Table 6 in the Appendix. Columns 1 and 3 in Table 1
are derived from Table 6 in the Appendix as follows:
column 1 in Table 1= column 3(Table 6)-column 1(Table 6)
column 3 in Table 1= column 4(Table 6)-column 2(Table 6)
columns 2 and 4 in Table 1 are formulated as follows:
The figure in year(t) in column 2(4) is equal to the
summation of the figures in column 1(3) in Table 1
over the period 1946 through year(t). For example,
government foreign debt in 1948 = -10.44 +(-2.66) +
(-16.26) = -29.36.

(including travel)" which is classified as private ser-
vices in the IMF Balance of Payments Yearbook volume XXII[1].

Finally, one should mention that the data before
1961 were presented in millions of Egyptian pounds wher-
eas after that they are published in millions of US do-
llars. We have used the exchange rate US $1=LE 0.435
(i.e., LE 1 =US $2.30)[2] to convert the figures from US
dollars into Egyptian pounds.

7. "Nonmonetary gold movement" is attributed to
the private sector.

Two tests can be applied to Table 1 to find out
whether or not our above assumptions and, consequently,
our estimates of the foreign debt are reasonably accu-
rate. The public(i.e. the government) foreign debt is
assumed by Hansen and Marzouk to be negligible in 1952[3].
Looking at Table 1, we find that our estimate of the
government foreign debt in 1952 is LE 10.06 million which

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[1]See the explanatory notes of the relevant issues.

[2]This is the exchange rate used by the IMF as mentioned in
the "notes" of the relevant volumes.

[3]Hansen and Marzouk, op. cit., P. 269.

is small especially if we compare it with the debt in
the 1960's(except for 1961). The second check is the
estimate of the government foreign debt in June 1963
made by Hansen and Marzouk[1]. Assuming that government
foreign debt in 1952 was zero, they calculated the 1963
figure as the difference between the cumulated value of
the yearly total government net borrowing from 1952/53
to 1962/63, and the increase in domestic public debts
from the end of 1952 to the end of June 1963. Their
estimate of the government foreign debt in the middle
of 1963 was between LE 224 and 274 million[2]. If we use
Hansen's assumption of zero government foreign debt in
1952, our estimate of the government foreign debt at
the end of 1963 will be LE 235.77 million[3]. This figure
appears to be close to Hansen's estimates.

Once we have calculated the government and private
foreign debts, we are able to estimate the assets and

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[1] Hansen and Marzouk, Ibid., PP. 269-270.

[2] The foreign debt figure may be too high owing to possible
domestic loans obtained without collateral and not included
in the domestic debt. Perhaps some LE 20-30 million should
be moved from foreign to domestic debts on this account.
See Hansen and Marzouk, Ibid., P. 271.

[3] LE 235.77 million is calculated from Table 1 as follows:
235.77= government foreign debt in 1963(= 245.83) -
government foreign debt in 1952 (- 10.06).

liabilities of the government and the private sector with respect to the foreign sector, as described above. These estimates fill four entries in the Gross Financial Stocks Interrelation Matrix for the real sectors. Four other entries are left unfilled: the assets of the government with respect to the private sector, the liabilities of the government with respect to the private sector, the assets and liabilities held within the private and government sectors. Because the balance sheets of the government and the private sector are not available we are not able to estimate the last two entries. This will lead to an underestimate of the financial superstructure of Egypt. However, it will not affect either the "net" position of any sector or the amount borrowed or lent by any sector.

The other two entries, the assets and the liabilities of the government with respect to the private sector, are computed by using the following identity:

$$\text{GFD} + \text{GDD} = (G_{CB}^L + G_{CMB}^L + G_{SPB}^L + G_{NB}^L + G_{Pr}^L + G_G^L + G_{Fr}^L) -$$
$$(G_{CB}^A + G_{CMB}^A + G_{SPB}^A + G_{NB}^A + G_{Pr}^A + G_G^A + G_{Fr}^A) \qquad (1)$$

where GFD $\quad$ = government foreign debt.

$\quad$ GDD $\quad$ = government domestic debt.

$G_{CB}^{L(A)}$ $\quad$ = government liabilities(assets)to the central bank.

$G_{CMB}^{L(A)}$ $\quad$ = government liabilities(assets)to the commercial banks.

$G_{SPB}^{L(A)}$ $\quad$ = government liabilities(assets)to the specialized banks.

$G_{NB}^{L(A)}$ $\quad$ = government liabilities(assets)to the nonbanks.

$G_{Pr}^{L(A)}$ $\quad$ = government liabilities(assets)to the private sector.

$G_{G}^{L(A)}$ $\quad$ = government liabilities(assets)to the government sector.

$G_{Fr}^{L(A)}$ $\quad$ = government liabilities(assets)to the foreign sector.

Specifically, identity(1) states that total government debt is equal to government total liabilities minus government total assets. Knowing the values of all the variables in equation(1) except G_{Pr}^{L} and G_{Pr}^{A}[1], one can

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[1]The values of G_{G}^{L} and G_{G}^{A} are also not known, But, since G_{G}^{L} is equal to G_{G}^{A} (both represent the same entry), the two variables will cancel each other in equations (1) and (1').

determine the net position of the government with res-
pect to the private sector. This can be shown clearly
by rewritting equation(1) as follows:

$$G_{Pr}^{L} - G_{Pr}^{A} = GFD + GDD + (G_{CB}^{A} + G_{GMB}^{A} + G_{SPB}^{A} + G_{NB}^{A} + G_{Fr}^{A}) -$$

$$(G_{CB}^{L} + G_{CMB}^{L} + G_{SPB}^{L} + G_{NB}^{L} + G_{Fr}^{L}) \qquad (1')$$

If $G_{Pr}^{L} - G_{Pr}^{A} > 0$, this means that the government is a net
debtor from the private sector. In this case it will be
assumed that government liabilities to the private sec-
tor are equal to the value of $(G_{Pr}^{L} - G_{Pr}^{A})$ as derived from
equation(1') and government assets to the private sector
will be assumed to be equal to zero. On the other hand,
if the government is a net creditor to the private sec-
tor the outcome of equation(1') will be that $G_{Pr}^{L} - G_{Pr}^{A} < 0$. In this case, it will be assumed that government lia-
bilities to the private sector is zero wherease govern-
ment assets with respect to the private sector is equal
to the value of $(G_{Pr}^{L} - G_{Pr}^{A})$.

We notice that in the years for which the Gross
Financial Stocks Interrelation Matrix are formulated we

obtain a positive number for $(G_{Pr}^{L} - G_{Pr}^{A})$, except in 1970.
This means that in 1970 the government was a net credi-
tor to the private sector but in all other years was a
net debtor. According to the assumptions mentioned above
government liabilities to the private sector in 1970
should be set equal to zero, whereas government assets
to the private sector should be set equal to LE 29.5
million[1]. However, reviewing the components of the
government domestic debt in 1970 one finds that it inc-
ludes Nationalized Institution Bounds of LE 22.2 mill-
ion[2]. The Nationalized Institution Bonds represent
government liabilities to the private sector. Thus, we
have assumed that in 1970 government liabilities to the
private sector are equal to LE 22.2 million, whereas
government assets with respect to the private sector
are increased by an equal amount[3].

The Gross Financial Stocks Interrelation Matrices
formulated for Egypt are presented in Tables 2-9.

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[1] Using equation(1'), $(G_{Pr}^{L} - G_{Pr}^{A})$ in 1970 is equal to LE 29.6
million.

[2] See note 1 of Table 5 in the Appendix.

[3] Government assets with respect to the private sector =
22.2+ 29.6= 51.8.

Table 2
The Gross Financial Stocks Interrelation Matrix
for 1952

IE million

To \ From	Central Bank	Commercial Banks	Private Sector	Government Sector	Foreign Sector	Residuals	Total Liabilities
Central Bank	0.0	102.4	184.5	7.8	27.9	19.1	341.7
Commercial Banks	4.4	7.2	146.5	8.7	8.3	20.1	195.2
Private Sector	19.3	120.9	—	0.0	344.54	0.0	484.74
Government Sector	64.0	9.8	173.2	—	30.52	0.0	277.52
Foreign Sector	254.0	0.0	209.5	20.46	0.0	0.0	483.96
Residuals	0.0	−45.1	0.0	0.0	0.0	0.0	−45.1
Total Assets	341.7	195.2	713.7	36.96	411.26	39.2	1738.02

Source: Tables 1, 2", 2', 3 and 4 in the Appendix.

- 37 -

Table 3
The Gross Financial Stocks Interrelation Matrix
for 1956

LE million

From / To	Central Bank	Commercial Banks	Non-Banks	Private Sector	Government Sector	Foreign Sector	Residuals	Total liabilities.
Central Bank	0.0	98.8	0.0[1]	209.4	4.9	55.8	14.6	383.6
Commercial Banks	16.3	21.0	2.48	184.7	11.8	11.1	29.32	276.6
Non-Banks	0.0	0.0	0.0	33.45	0.0	0.0	0.0	33.45
Private Sector	24.8	172.2	30.67	—	0.0	403.02	0.0	630.69
Government Sector	156.6	22.1	0.6[2]	140.9[3]	—	96.64	0.0	416.84
Foreign Sector	188.6	0.0	0.0	218.9	51.7	0.0	0.0	459.2
Residuals	-2.7	-37.5	-0.30	0.0	0.0	0.0	0.0	-40.5
Total Assets	383.6	276.7	33.45	787.35	68.4	566.56	43.92	2159.98

Source: Tables 1, 2[a], 2[b], 3 and 4 in the Appendix.

Notes to Table 3:

[1]This zero means that the amount of cash kept by the non-banks was less than five thousand Egyptian pounds(see note 4 of Table 3).

[2]Derived from the public debt Table in the following sources: National Bank of Egypt, Economic Bulletin, 1968.

[3]It includes Agrarian Reform Bonds equal to LE 17.0 million(see note 1 of Table 5).

Table 4

The Gross Financial Stocks Interm... Matrix for 1960

LE million

From \ To	Central Bank	Commercial Banks	Specialized Banks	Non-Banks	Private Sector	Go...m..s	Foreign sector	Residuals	Total Liabilities
Central Bank	0.0	67.6	37.7	0.0[1]	220.4		89.0	64.6	491.8
Commercial Banks	31.3	20.5	0.0	14.4	250.7	62.8	0.0	45.96	425.8
Specialized Banks	30.2	12.6[2]	0.0	0.0	41.53	11.77	0.0	0.0	96.1
Non-Banks	0.0	0.0	0.0	0.02	126.73	0.0	0.0	0.0	126.75
Private Sector	64.3	253.5	53.7	105.04	—	0.0	615.05	0.0	1091.59
Government Sector	279.0	51.1	33.2	3.8[3]	241.77[4]	—	155.72	0.0	764.59
Foreign Sector	117.3	0.0	0.0	0.0	330.25	110.88	0.0	0.0	558.43
Residuals	-30.3	20.5	-28.5	3.35	0.0	0.0	0.0	0.0	-34.95
Total Assets	491.8	425.8	96.1	126.75	1211.38	197.95	859.77	110.56	3520.11

Source: Tables 1, 2", 3 and 4 in the Appendix.

Notes to Table 4:

[1] See note 1 of Table 3.

[2] The number is derived as the residual of the item "due from banks" in Table 1. However, the components of the number can be explained by using Table 2. These components are fifty percent of the "capital account" of the industrial bank plus "other borrowing" plus the part of the "bonds" which is owned by the commercial banks (see "Notes of Reconciliation between Tables 2 and 2'" in the Appendix).

[3] This number is derived from the public debt figures in the Economic Bulletin(1968). "Loans from insurance and savings institutions" are LE 0.6 million in 1959/60 and LE 7.0 million in 1960/61. To get the figure in the year 1960(fiscal year January 1 - December 31) we have taken the average of the two numbers. The average is LE 3.8 million.

[4] It includes Nationalized Institution Bonds equal to LE 21.25 million(see note 1 of Table 5).

Table 5
The Gross Financial Stocks Interrelation Matrix
for 1962

LE . million

From To	Central Bank	Commercial Banks	Specialized Banks	Non-Banks	Private Sector	Government Sector	Foreign Sector	Residuals	Total Liabilities
Central Bank	0.0	59.7	0.0^1	0.0^2	275.9	11.8	106.8	8.7	462.9
Commercial Banks	44.8	23.2	31.6	18.45	390.4	59.3	0.0	26.15	593.9
Specialized Banks	83.9	22.7	0.0	0.0	18.4	28.6	0.0	0.0	153.6
Non-Banks	0.0	0.0	0.0	0.04^3	238.50	0.0	0.0	0.0	238.54
Private Sector	0.0	293.2	91.0	116.67	—	0.0	377.0	0.0	877.87
Government Sector	252.7	155.9	48.5	90.15	384.1^4	—	461.33	0.0	1392.68
Foreign Sector	83.2	0.0	0.0	0.0	108.18	316.46	0.0	0.0	507.84
Residuals	-1.7	39.2	-17.5	13.23	0.0	0.0	0.0	0.0	33.23
Total Assets	462.9	593.9	153.6	238.54	1415.48	416.16	945.13	34.85	4260.56

Source: Tables 1, 2", 2', 3 and 4 in the Appendix .

Notes to Table 5:

[1] This zero does not mean that specialized banks do not keep cash; it does mean that data for this item are not available separately(see Table 2' and 2"). However, the amount of cash kept by these banks is too small to be significant. If these amounts were relatively large one would expect the currency inside the banking system to exceed the reserves kept by the commercial banks. However, the total reserves kept by the commercial banks(Table 1) exceed the currency inside the banking system calculated from Table 4. It must be remembered that the two Tables are taken from different sources so that discrepancies in numbers are expected. However, this may be taken as an indication of the relatively insignificant amount of cash kept by the specialized banks.

[2] See note 1 of Table 3.

[3] The Public Social Insurance Fund's deposits in the Post Office Fund in 1962 are not available(see note 7 of Table 3). Therefore, it has been assumed that the Public Social Insurance Fund's deposite in the Post Office Fund in 1962 are equal to the average of its deposits in 1961 and 1963.

[4] It includes Nationalized Institution Bonds of LE 159.4 million and Agrarian Reform Bonds of LE 42.3 million(see note 1 of Table 5).

Table 6
The Gross Financial Stocks Interrelation Matrix
For 1964

LE million

From / To	Central Bank	Commercial Banks	Specialized Banks	Non-Banks	Private Sector	Government Sector	Foreign Sector	Residuals	Total Liabilities
Central Bank	0.0	71.7	0.0	0.03	416.67	32.7	133.7	35.0	689.8
Commerical Banks	125.6	64.6	3.2	16.76	456.7	101.6	0.0	90.64	859.1
Specialized Banks	81.4	42.9	0.0	0.0	19.5	27.1	0.0	-2.1	168.8
Non-Banks	0.0	0.0	0.0	0.05	372.53	0.0	0.0	0.0	372.58
Private Sector	0.0	414.2	99.8	120.45	-	0.0	240.24	0.0	874.69
Government Sector	399.1	188.2	52.8	215.85	326.26[1]	-	782.64	0.0	1964.85
Foreign Sector	83.7	0.0	0.0	0.0	111.83	455.37	0.0	0.0	650.9
Residuals	0.0	77.5	13.0	19.49	0.0	0.0	0.0	0.0	109.94
Total Assets	689.8	859.1	168.8	372.58	1703.49	616.77	1156.58	123.54	5690.66

Source : Tables 1, 2°, 2, °3 and 4. in the Appendix.

Notes to Table 6:

[1]The figure for the government domestic debt in 1964 is
not available(see Table 5). Since this figure is need-
ed to derive government liabilities to the private sec-
tor(see P. 26 above), it has been estimated as follows:

Change in domestic public debt during 1963-64=(govern-
ment domestic debt in 1966 - government domestic debt in
1963)/3 = 52.03.

Government domestic debt in 1964= government domestic
debt in 1963 + 52.03 = 968.8 + 52.03 = 1020.83.

Table 7

The Gross Financial Stocks Interrelation Matrix
for 1966

LE Million.

From \ To	Central Bank	Commercial Banks	Specialized Banks	Non-Banks	Private Sector	Government Sector	Foreign Sector	Residuals	Total Liabilities
Central Bank	0.0	97.1	1.6	0.03	447.67	21.6	202.6	52.5	823.1
Commercial Banks	203.3	59.2	29.0	25.01	497.5	87.2	0.0	75.69	976.9
Specialized Banks	71.9	48.3	0.0	0.0	22.6	26.2	0.0	0.0	169.0
Non-Banks	0.0	0.0	0.0	13.37	696.65	0.0	0.0	0.0	710.02
Private Sector	0.0	579.0	98.0	152.13	—	0.0	100.47	0.0	929.60
Government Sector	444.0	139.9	51.1	439.51	185.39[1]	—	969.86	0.0	2229.76
Foreign Sector	117.4	0.0	0.0	0.0	124.52	416.62	0.0	0.0	658.54
Residuals	-13.5	53.4	-10.7	79.97	0.0	0.0	0.0	0.0	109.17
Total Assets	823.1	976.9	169.0	710.02	1974.33	551.62	1272.93	128.19	6606.09

Source: Tables 1, 2", 2', 3 and 4 in the Appendix.

Notes to Table 7:

[1]It includes Nationalized Institution Bonds of LE 22.2 million(see note 1 of Table 5).

Table 8
The Gross Financial Stocks Interrelation Matrix
for 1968

L.E Million

To \ From	Central Bank	Commercial Banks	Specialized Banks	Non-Banks	Private Sector	Government Sector	Foreign Sector	Residuals	Total Liabilities
Central Bank	0.0	146.2	0.0	0.0	459.8	10.7	218.4	51.8	886.9
Commercial Banks	278.4	65.2	20.2	21.37	576.7	93.6	0.0	130.12	1185.6
Specialized Banks	34.5	89.0	0.0	0.0	21.2	30.4	0.0	0.0	175.1
Non-Banks	0.0	0.0	0.0	13.40	979.63	0.0	0.0	0.0	993.03
Private Sector	0.0	693.4	113.3	273.37	—	0.0	41.76	0.0	1121.83
Government Sector	468.5	125.1	47.3	607.66	22.2^2	—	1167.13	-2.5	2435.39
Foreign Sector	105.5	0.0	0.0	0.0	222.74	429.35	0.0	0.0	757.59
Residuale	0.0	66.7	-5.7	77.23	0.0	0.0	0.0	0.0	138.23
Total Assets	886.9	1185.6	175.1	993.03	2282.27	564.05	1427.29	179.42	7693.66

Source: Tables 1, 2", 2', 3 and 4 in the Appensix .

Notes to Table 8:

[1]This item includes treasury bills equal to LE 181.53 million. This figure is calculated according to the rule discussed on P. 15 above; (i.e. 0.5434 x the commercial paper held by the Public Insurance and Pension Fund in 1968(334.07) = 181.53).

[2]Using equation(1!) above, government liabilities to the private sector are estimated as equal to LE 19.7 million. But reviewing the components of the government domestic debt in 1968, one finds that it includes Nationalized Institution Bonds of LE 22.2 million (see note 1 of Table 5). The difference between the two numbers(=2.5) is regarded as statistical error and is put in the "residuals".

Table 9
The Gross Financial Stocks Interrelation Matrix
for 1970

L.E. Million

To \ From	Central Bank	Commercial Banks	Specialized Banks	Non-Banks	Private Sector	Government Sector	Foreign Sector	Residuals	Total Liabilities
Central Bank	0.0	226.0	0.0	0.0	524.3	14.6	252.8	23.2	1040.9
Commercial Banks	417.1	42.0	39.9	34.38	660.3	104.7	0.0	132.39	1430.8
Specialized Banks	6.1	122.8	0.0	0.0	20.6	39.9	0.0	0.0	189.4
Non-Banks	0.0	0.0	0.0	13.47	1313.69	0.0	0.0	0.0	1327.16
Private Sector	0.0	872.6	121.7	333.87	—	51.8	47.85	0.0	1427.82
Government Sector	516.2	82.6	30.5	869.93[1]	22.2[2]	—	1588.32	0.0	3109.75
Foreign Sector	101.6	0.0	0.0	0.0	415.67	559.74	0.0	0.0	1077.01
Residuals	-0.1	84.8	-2.7	75.51	0.0	0.0	0.0	0.0	157.51
Total Assets	1040.9	1430.8	189.4	1327.16	2956.76	770.74	1888.97	155.59	9760.32

Source: Tables 1, 2", 2', 3 and 4 in the Appendix.

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Notes to Table 9:

[1]This item includes treasury bills equal to LE 259.01 million. This figure is calculated according to the rule discussed on P. 15 above; i.e. 0.5434 x the commercial paper held by the Public Insurance and Pension Fund in 1970(476.65) = 259.01.

[2]These are the Nationalized Institution Bonds held by the private sector(see note 1 of Table 5).

Conclusion

With the Financial Stocks Interrelation Matrix for Egypt now available, several questions which could not be answered before because of the lack of any form of financial accounts for the country can now be tackled. One of these questions, for example, is: What are the deficit spending[1] and the surplus spending[2] sectors in Egypt? Since the funds flow from the surplus spending to the deficit spending sectors, one may know where the funds are created and in which direction they flow, This will show the policy makers where to direct their policies if, for example, an increase in domestic funds is required, or if restraining borrowing of domestic funds is desired. Another question is with regard to the main financial technique prevailing in Egypt. It is interesting to find out whether the bulk of savings converted into investments via the intermediation of the financial institutions (indirect finance) or without this intermediation (direct finance). This type of information may serve also as a guide to policy makers as to where to direct their appropriate policy prescriptions, curtailing investment for example. Furthermore, it might be interesting to know

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[1] A deficit spending sector is a sector whose total liabilities exceed its total financial assets.

[2] A surplus spending sector is a sector whose total financial assets exceed its total liabilities.

whether the structural changes[1] that have taken place
in Egypt in 1961 have had impact on the financial flows
as they had on the real flows in the economy. For example,
did the government assumption of ownership of most of the
factors of production in 1961 decrease the role of indirect
finance in the economy? Did Egypt change its financial
technique after 1961? Did Egypt change its financial path
after 1961? These are just some of the questions which can
be answered by analysing the Financial Stocks Interrelation
Matrix presented in this paper.

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[1] Before 1961, Egypt was a private enterprise economy. Then,
in 1961 the government assumed ownership of most of the
factors of production. For more details on the subject,
see: C. Issawi, Egypt in Revolution: An Economic Analysis
(London: Oxford Univ. Press, 1963), pp. 62 - 64.

Table 1
Aggregate Balance Sheet
of the Commercial Banks

LE million

Assets	Year End	1952	1953	1954	1955	1956	1957	1958	1959
1.	Cash	7.2	5.9	5.9	6.2	6.8	7.7	7.3	6.1
2.	Balance with C. B. E.	35.0	36.8	32.0	43.6	40.0	46.0	45.6	51.0
3.	Total reserves (1+2)[1]	42.2 (27.2)	42.7 (27.0)	37.9 (21.6)	49.8 (27.1)	46.8 (23.8)	53.5 (23.4)	52.9 (22.0)	57.1 (20.8)
4.	Legal reserves[2]	19.4 (12.5)	19.7 (12.5)	21.9 (12.5)	23.0 (12.5)	24.6 (12.5)	28.6 (12.5)	30.1 (12.5)	34.2 (12.5)
5.	Excess reserves (3-4)	22.8	23.0	16.0	26.8	22.2	24.9	22.8	22.9
6.	Commercial papers discounted	8.8	10.6	16.5	19.4	16.0	17.8	17.8	20.1
7.	Government and government guaranteed securities[3]	9.8	9.5	9.6	10.3	22.1	22.6	23.1	31.2
8.	Other secrities	9.4	9.5	10.6	10.8	13.3	12.2	12.6	11.7
9.	Loans and advances	102.7	101.9	126.7	126.8	142.9	157.4	166.2	220.4
10.	Due from banks	16.3	18.6	21.8	17.0	21.0	31.3	36.7	45.3
11.	Other assets[5]	6.0	6.4	7.6	11.5	14.6	17.6	17.6	22.2
12.	Total assets	195.2	199.2	230.1	245.6	276.7	312.4	346.9	408.0
	Discrepancies[6]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Table 1 (Continued)
Aggregate Balance Sheet
of the Commercial Banks

L.E. Million

Year End Assets	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
1. Cash	6.5	11.4	16.0	16.9	17.8	20.3	22.4	20.2	26.2	25.9	27.0
2. Balance with C.B.E.	61.1	54.0	44.7	54.4	71.9	85.4	74.7	119.5	122.9	137.0	208.5
3. Total reserves (1+2)[1]	67.6 (22.6)	65.4 (17.0)	60.7 (14.0)	71.3 (15.1)	89.7 (16.3)	105.7 (18.2)	97.1 (16.9)	139.7 (22.9)	149.1 (22.6)	162.9 (23.5)	235.5 (31.2)
4. Legal reserves[2]	37.4 (12.5)	48.1 (12.5)	54.2 (12.5)	82.5 (17.5)	96.0 (17.5)	101.9 (17.5)	100.7 (17.5)	121.8 (20.0)	132.2 (20.0)	138.6 (20.0)	151.1 (20.0)
5. Excess reserves (3-4)	30.2	17.4	6.5	-11.2	-6.3	3.8	-3.6	17.9	16.9	24.3	84.4
6. Commercial papers discounted	20.6	18.6	15.2	13.8	8.8	4.2	6.2	5.0	6.2	9.2	5.2
7. Government and government guaranteed securities[3]	51.1	127.2	155.9	190.0	188.2	159.6	139.9	137.2	125.1	112.0	82.6
8. Other securities	14.5	30.1	16.9	13.3	5.4	5.6	6.0	6.3	8.3	9.0	10.2
9. Loans and advances	218.4	231.7	261.1	311.5	400.0	491.0	566.8	647.2	678.9	736.1	857.2
10. Due from banks	33.1	48.6	45.9	67.4	107.5	140.3	107.5	124.7	154.2	196.0	164.8
11. Other assets[5]	20.5	26.5	38.2	39.6	59.5	65.7	53.4	59.1	63.8	62.6	75.3
12. Total assets	425.8	548.1	593.5	706.9	859.2	972.1	976.9	1119.2	1185.6	1127.8	1430.8
Discrepancies[6]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	+ 0.2	+0.1	+ 0.1	+ 0.1

55

Table 1(Continued)
Aggregate Balance Sheet
of the Commercial Banks

LE million

Year End / Liabilities	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961
1. Paid up capital	8.3	8.4	8.6	10.0	11.1	11.8	12.9	13.3	14.3	17.7
2. Borrowing from C.B.E.	4.4	4.2	11.0	9.5	16.3	7.9	20.5	31.1	31.3	21.5
3. Government and semigovernment demand deposits	3.1	3.0	3.7	3.6	4.7	6.1	12.8	13.1	17.8	35.3
4. Other demand deposits.	112.8	106.9	117.6	123.9	135.1	160.9	154.9	172.7	183.1	245.3
5. Total demand deposits(3+4)	115.9	109.9	121.3	127.5	139.8	167.0	167.7	165.8	200.9	280.6
6. Government and semigovernment time and fixed deposits.	5.6	5.8	5.8	6.2	7.1	13.0	16.2	22.4	30.7	35.6
7. Other time and savings deposits and others.	33.7	42.1	48.4	50.3	49.6	48.5	56.9	65.7	67.6	68.2
8. Total time deposits(6+7)	39.3	47.9	54.2	56.5	56.7	61.5	73.1	88.1	98.3	103.8
9. Due to banks	7.2	8.2	14.2	13.9	22.0	19.2	22.9	26.8	20.5	40.0
10. Other liabilities	20.1	20.6	20.8	28.2	30.8	45.0	49.8	62.9	60.5	84.5
11. Total liabilities.	195.2	199.2	230.1	245.6	276.7	312.4	346.9	408.0	425.8	548.1

Table 1(Continued)

Aggregate Balance Sheet
of the Commercial Banks

LE million

Year End Liabilities	1962	1963	1964	1965	1966	1967	1968	1969	1970
1. Paid up capital	16.4	14.1	9.6	9.4	9.4	9.4	9.4	9.4	9.4
2. Borrowing from C.B.E.	32.9	63.9	121.7	161.4	182.0	277.5	276.0	310.0	405.0
3. Government and semigovernment demand deposits	21.4	24.1	46.4	37.9	32.4	37.5	38.4	28.0	40.4
4. Other demand deposits.	263.0	260.1	246.0	229.1	262.0	275.8	302.1	302.8	313.4
5. Total demand deposits(3+4)	284.4	284.2	292.4	267.0	294.4	313.3	340.5	330.8	353.8
6. Government and semigovernment time and fixed deposits.	21.5	27.6	45.6	77.1	45.4	46.8	45.8	52.7	54.9
7. Other time and savings deposits and others	127.4	159.7	210.7	237.9	235.5	249.0	274.6	309.5	346.9
8. Total time deposits (6+7)	148.9	187.3	256.3	315.0	280.9	295.8	320.4	362.2	401.8
9. Due to banks	54.8	55.8	67.8	91.7	88.2	87.6	85.4	102.0	81.9
10. Other liabilities	56.1	101.6	111.3	127.6	122.0	135.6	153.9	173.4	178.9
11. Total liabilities.	593.5	706.9	859.1	972.1	976.9	1119.2	1185.6	1287.8	1430.8

Source: Central Bank of Egypt(Control of Banks Department);Credit and Banking Development,1960; January 1961/June 1962, and the volume of 1962/63- 1966/67; Bank of Egypt, Economic Review, 1971.

Notes to Table 1

[1] The number in the brackets shows the percentage of total reserves as a ratio of total demand and time deposits.

[2] Legal reserves are calculated according to the legal reserve ratio. The level of the legal reserve ratio during the period 1952 through 1970 was derived from the following sources: National Bank of Egypt, Credit and Banking Development, January 1961.June 1962, and IMF, International Financial News Survey, March 4, 1966, P. 73. It should be mentioned that the central bank allows the commercial banks to reduce their reserve ratio below the required level during the period first of October until the end of March to facilitate cotton financing(see the issues of the National Bank of Egypt and the Central Bank of Egypt, Ibid.). This explains why in some years the total reserves kept by the commercial banks at the end of December are below the required legal reserves(see years 1963, 1964, and 1966 in Table1).

[3] Government and government guaranteed securities include Treasury Bills.

[4] Other securities includes investment in fixed assets.

[5] Other assets includes items of a cash nature.

[6] The rounding of figures was begun in 1967. Before that the figures were already presented in "millions of Egyptian Pounds". Thus, "Discrepancies" appear from 1967 only. They are calculated as follows:

Discrepancies= total assets given in the aggregated balance sheet of the commercial banks - total assets calculated from Table 1.

[7] Other time and saving deposits and others includes time deposits (other than government), savings deposits, other deposits and deposits in foreign currencies. The last two items represent a very small proportion of the total sum.

[8] Other liabilities are calculated as the difference between "total assets or liabilities", as given in the source, and all the liability items presented in the Table.

Table 2

Aggregate Balance Sheet of the Specialized Banks

LE million

Year End	1957				1958			
Assets	R. Est. Bank	Ind. Bank	Agr. Bank	Grand Total	R. Est. Bank	Ind. Bank	Agr. Bank	Grand Total
1. Cash and Balances with banks	1.2	0.9	1.2	3.3	1.1	0.8	2.3	4.2
2. Securities and investments	2.1	2.7	1.4	6.2	2.2	0.8	2.4	5.4
3. Loans and advances (4+5+6+7+8)	16.1	4.7	14.2	35.0	16.0	5.2	15.1	36.3
4. Payable within one year	0.7	2.4	8.1	11.2	0.2	3.0	9.1	12.3
5. Payable from 1–5 years	2.7	0.5	0.4	3.6	3.0	0.4	0.7	4.1
6. Payable from 5 – 10 years[1]	6.8	1.0	0.2	8.0	6.1	0.9	0.1	7.1
7. Payable after 10 years	3.0	–	–	3.0	3.3	–	–	3.3
8. Loans, instalment and interest due	2.9	0.8	5.5	9.2	3.4	0.9	5.2	9.5
9. Goods (10 + 11)	–	–	16.8	16.8	–	–	23.2	23.2
10. On government account	–	–	5.2	5.2	–	–	5.6	5.6
11. On bank's own account	–	–	11.6	11.6	–	–	17.6	17.6
12. Other assets	1.6	0.8	21.1	23.5	1.9	0.7	8.9	11.5
13. Total assets	21.0	9.1	54.7	84.8	21.2	7.5	51.9	80.6

Table 2 (continued)

Aggregate Balance Sheet of the Specialized Banks

LE Million

Year End	1959				1960			
Assets	R. Est. Bank	Ind. Bank	Agr. Bank	Grand Total	R. Est. Bank	Ind. Bank	Agr. Bank	Grand Total
1. Cash and balances with banks	1.2	0.4	2.9	4.5	1.0	1.9	4.2	7.1
2. Securities and investment	2.1	1.1	1.9	5.1	2.3	1.5	2.2	6.0
3. Loans and advances(4+5+6+7+8)	15.7	6.7	16.0	38.4	23.1	8.5	19.1	50.7
4. Payable within one year	0.4	4.4	10.4	15.2	0.3	5.3	12.5	18.1
5. Payable from 1-5 years	2.1	0.5	1.0	3.6	2.0	1.3	1.9	5.2
6. Payable from 5 - 10 years[1]	5.8	0.7	0.2	6.7	6.4	0.8	0.3	7.5
7. Payable after 10 years	3.9	-	-	3.9	9.7	-	-	9.7
8. Loans, instalment and interest due	3.5	1.1	4.4	9.0	4.7	1.1	4.4	10.2
9. Goods (10 + 11)	-	-	38.7	38.7	-	-	33.2	33.2
10. On Government account	-	-	25.0	25.0	-	-	20.4	20.4
11. On bank's own account	-	-	13.7	13.7	-	-	12.8	12.8
12. Other assets	2.3	0.4	6.6	9.3	2.3	0.4	5.1	7.8
13. Total assets	21.3	8.6	66.1	96.0	28.7	12.3	63.8	104.8

Table 2 (Continued)
Aggregate Balance Sheet of the Specialized Banks

<div align="right">LE million</div>

Year End	1961				1962			
Assets	R. Est. Bank	Ind. Bank	Agr. Bank	Grand Total	R.Est Bank	Ind. Bank	Agr. Bank	Grand Total
1. Cash and balances with banks	0.6	1.2	2.3	4.1	1.1	1.3	2.5	4.9
2. Securities and investments	1.9	1.5	2.2	5.6	1.9	1.5	2.2	5.6
3. Loans and advances(4+5+6+7+8)	24.0	9.1	41.4	74.5	24.1	8.6	56.0	88.7
4. Payable within one year	0.4	5.0	17.0	22.4	0.1	5.0	22.8	27.9
5. Payable from 1-5 years	3.6	1.0	5.1	9.7	3.1	0.8	2.9	6.8
6. Payable from 5-10 years[1]	4.9	1.1	0.4	6.4	5.1	1.1	17.5	23.7
7. Payable after 10 years	10.0	—	—	10.0	9.9	—	—	9.9
8. Loans, instalment and interest due	5.1	2.0	18.9	26.0	5.9	1.7	12.8	20.4
9. Goods (10 + 11)	—	—	24.0	24.0	—	—	48.5	48.5
10. On government account	—	—	13.2	13.2	—	—	28.6	28.6
11. On bank's own account	—	—	10.8	10.8	—	—	19.9	19.9
12. Other assets	2.3	0.5	5.6	8.4	2.5	0.6	10.9	14.0
13. Total assets	28.8	12.3	75.5	116.6	29.6	12.0	120.1	161.7

Table 2 (continued)

Aggregate Balance Sheet of the Specialized Banks

LE million

Year End	1963				1964			
Assets	R. Est Bank	Ind. Bank	Agr. Bank	Grand Total	R. Est. Bank	Ind. Bank	Agr. Bank	Grand Total
1. Cash & balances with banks	1.6	1.1	2.0	4.7	2.6	0.7	3.1	6.4
2. Securities and investments	1.9	1.4	2.2	5.5	1.9	1.4	2.2	5.5
3. Loans and advances(4+5+6+7+8)	20.7	8.5	55.4	84.6	20.6	8.4	69.8	98.8
4. Payable within one year	0.2	5.6	28.9	34.7	0.2	5.3	41.4	46.9
5. Payable from 1-5 years	2.4	0.4	4.7	7.5	2.1	0.3	6.8	9.2
6. Payable from 5-10 years[1]	4.2	0.9	10.6	15.7	3.9	1.1	7.1	12.1
7. Payable after 10 years	8.9	–	–	8.9	9.4	–	–	9.4
8. Loans, instalment and interest due	5.0	1.6	11.2	17.8	5.0	1.7	14.5	21.2
9. Goods (10+11)	–	–	48.5	48.5	–	–	52.7	52.7
10. On government account	–	–	34.3	34.3	–	–	36.6	36.6
11. On bank's own account	–	–	14.2	14.2	–	–	16.1	16.1
12. Other assets	2.5	0.5	11.6	14.1	2.1	0.9	15.6	18.6
13. Total assets	26.2	11.5	119.7	157.4	27.2	11.4	143.4	182.0

Table 2 (Continued)
Aggregate Balance Sheet of the Specialized Banks

LE million

Year End	1965				1966			
Assets	R. Est Bank	Ind. Bank	Agr. Bank	Grand Total	R. Est. Bank	Ind. Bank	Agr. Bank	Grand Total
1. Cash and Balances with banks	2.6	1.2	5.8	9.6	1.8	0.2	4.3	6.3
2. Securities and investments	1.8	1.4	2.2	5.4	1.9	1.4	2.3	5.6
3. Loans and advances (4+5+6+7+8)	22.2	8.2	59.1	89.5	21.6	11.5	63.8	96.9
4. Payable within one year	0.2	3.8	21.6	25.6	0.7	2.2	24.5	27.4
5. Payable from 1-5 years	2.4	0.2	12.2	14.8	2.0	2.3	8.4	12.7
6. Payable from 5-10 years[1]	5.6	1.7	1.0	8.3	5.4	5.0	1.1	11.5
7. Payable after 10 years	7.9	—	—	7.9	7.4	—	—	7.4
8. Loans, instalment and interest due	6.1	2.5	24.3	32.9	7.1	2.0	29.8	38.9
9. Goods (10+11)	—	—	49.4	49.4	—	—	51.1	51.1
10. On government account	—	—	24.0	24.0	—	—	24.1	24.1
11. On bank's own account	—	—	25.4	25.4	—	—	27.0	27.0
12. Other assets	2.8	0.9	23.5	27.2	3.3	1.6	20.8	25.7
13. Total assets	29.4	.7	140.0	181.1	28.6	14.7	142.3	185.6

Table 2 (Continued)

Aggregate Balance Sheet
of the Specialized Banks

LE million

Year End	1957				1958			
Liabilities	R. Est. Bank	Ind. Bank	Agr. Bank	Grand Total	R. Est. Bank	Ind. Bank	Agr. Bank	Grand Total
1. Paid up Capital[2]	5.7	1.5	1.5	8.7	5.9	1.5	1.5	8.9
2. Reserves and undistributed profits	5.1	0.3	0.4	5.8	4.8	0.1	0.3	5.2
3. Provisions	2.1	0.1	2.9	5.1	2.2	0.2	3.3	5.7
4. Bonds[3]	7.1	—	20.0	27.1	7.1	—	20.0	27.1
5. Borrowing from central bank	—	5.9	4.2	10.1	0.1	4.4	4.4	8.9
6. Other borrowing[4]	—	1.1	—	1.1	—	1.1	—	1.1
7. Deposits	0.3	—	—	0.3	0.4	—	—	0.4
8. Government accounts	—	—	17.5	17.5	—	—	12.1	12.1
9. Accounts of cooperative societies	—	—	1.6	1.6	—	—	2.2	2.2
10. Other liabilities	0.7	0.2	6.6	7.5	0.7	0.2	8.1	9.0
1. Total liabilities	21.0	9.1	54.7	84.8	21.2	7.5	51.9	80.6

Table 2 (Continued)

Aggregate Balance Sheet
of the Specialized Banks

LF million

Year End Liabilities	1959				1960			
	R. Est. Bank	Ind. Bank	Agr. Bank	Grand Total	R. Est. Bank	Ind. Bank	Agr. Bank	Grand Total
1. Paid up capital[2]	5.9	1.5	1.5	8.9	7.4	1.5	1.5	10.4
2. Reserves and undistri- buted profits.	5.0	0.1	0.7	5.8	5.2	0.1	0.7	6.0
3. Provisions.	2.0	0.2	3.6	5.8	2.6	0.3	4.8	7.7
4. Bonds[3]	7.0	—	20.0	27.0	6.7	3.0	20.0	29.7
5. Borrowing from cen- tral bank.	0.1	5.4	20.8	26.3	4.4	6.9	18.9	30.2
6. Other borrowing[4].	—	1.1	—	1.1	—	—	—	—
7. Deposits.	0.2	—	—	0.2	1.1	—	—	1.1
8. Government accounts.	—	—	7.7	7.7	—	—	7.3	7.3
9. Accounts of coopera- tive societies.	—	—	2.8	2.8	—	—	3.7	3.7
10. Other liabilities.	1.1	0.3	9.0	10.4	1.3	0.5	6.9	8.7
11. Total liabilities	21.3	8.6	66.1	96.0	28.7	12.3	63.8	104.8

Table 2 (Continued)
Aggregate Balance Sheet
of the Specialized Banks

Year End	1961				1962			
	R.Est. Bank	Ind. Bank	Agr. Bank	Grand Total	R. Est. Bank	Ind. Bank	Agr. Bank	Grand Total
Liabilities								
1. Paid up capital[2]	7.2	1.5	1.5	10.2	7.2	1.5	1.5	10.2
2. Reserves and undis- tributed profits	5.3	0.2	0.7	6.2	5.2	0.1	0.6	5.9
3. Provisions	2.6	0.3	4.1	7.0	3.0	0.4	4.7	8.1
4. Bonds[3]	6.4	3.0	42.3	51.7	6.3	3.0	39.6	48.9
5. Borrowing from central bank	4.7	6.3	18.1	29.1	4.7	5.9	45.3	55.9
6. Other borrowing[4]	--	0.1	--	0.1	--	--	6.9	6.9
7. Deposits	0.9	--	--	0.9	0.8	--	--	0.8
8. Government accounts	--	--	1.1	1.1	--	--	4.5	4.5
9. Accounts of co- operative societies	--	--	4.4	4.4	--	--	12.8	12.8
10. Other liabilities	1.7	0.9	3.3	5.9	2.4	1.1	4.2	7.7
11. Total liabilities	28.8	12.3	75.5	116.6	29.6	12.0	120.1	161.7

Table 2 (Continued)
Aggregate Balance Sheet
of the Specialized Banks

LE million

Year End	1963				1964			
Liabilities	R. Est. Bank	Ind. Bank	Agr. Bank	Grand Total	R. Est. Bank	Ind. Bank	Agr. Bank	Grand Total
. Paid up capital[2]	6.3	1.5	1.5	9.3	6.3	1.5	1.5	9.3
. Reserves and undistributed profits	4.5	0.1	0.6	5.2	4.7	0.1	0.7	5.5
. Provisions	2.4	0.5	4.8	7.7	2.6	0.4	4.5	7.5
. Bonds[3]	5.3	3.0	36.7	45.0	5.0	3.0	33.8	41.8
. Borrowing from central bank	4.7	5.9	35.6	46.2	4.7	5.1	41.5	51.3
. Other borrowing[4]	–	–	19.5	19.5	–	–	33.0	33.0
. Deposits	1.4	–	–	1.4	2.5	–	–	2.5
. Government accounts	–	–	3.0	3.0	–	–	4.2	4.2
. Accounts of co-operative societies	–	–	9.5	9.5	–	–	14.4	14.4
. Other liabilities	1.6	0.5	8.5	10.6	1.4	1.3	9.8	12.5
. Total liabilities	26.2	11.5	119.7	157.4	27.2	11.4	143.4	182.0

Table 2 (Continued)
Aggregate Balance Sheet
of the Specialized Banks

LE million

Year End	1965				1966			
Liabilities	R. Est. Bank	Ind. Bank	Agr. Bank	Grand Total	R. Est. Bank	Ind. Bank	Agr. Bank	Grand Total
1. Paid up capital[2]	6.1	1.5	1.5	9.1	6.1	1.5	1.5	9.1
2. Reserves and undistributed profits	4.8	0.1	0.7	5.6	4.9	0.1	0.7	5.7
3. Provisions	2.7	0.6	4.1	7.4	3.5	0.6	4.9	9.0
4. Bonds[3]	5.3	3.0	30.8	39.1	4.7	3.0	27.9	35.6
5. Borrowing from central bank	5.2	4.9	29.6	39.7	5.3	7.0	31.6	43.9
6. Other borrowing[4]	—	—	51.0	51.0	—	0.7	44.0	44.7
7. Deposits	1.9	—	—	1.9	1.5	—	—	1.5
8. Government accounts	—	—	3.5	3.5	—	—	2.2	2.2
9. Accounts of co-operative societies	—	—	15.9	15.9	—	—	17.9	17.9
10. Other liabilities	3.2	1.6	2.9	7.7	2.6	1.8	11.6	16.0
11. Total liabilities	29.4	11.7	140.0	181.1	28.6	14.7	142.3	185.6

Source: Central Bank of Egypt (Control of Bank Department), Credit and Banking
Developments, 1960 January 1961/June 1962, and the issue of 1962/63-1966/67.

Table 2'
Aggregate Balance Sheet
of the Specialized Banks

LE million

Year End / Assets and Liabilities	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
Assets:										
1. Claims on private sector	78.2	91.0	87.5	99.8	90.6	98.0	100.4	113.3	115.4	121.7
2. Commodities	24.0	48.5	48.4	52.8	49.5	51.1	47.7	47.3	25.0	30.5
3. Other items (net)	2.0[1]	13.6	10.6	16.2	32.6	19.9	30.2	14.5	37.5	37.2
Liabilities:										
1. Cooperative deposits	5.3	13.4	10.3	15.6	16.9	18.5	19.7	17.6	17.2	17.1
2. Bonds[2]	—	5.0	4.1	3.9	4.2	4.1	4.0	3.6	3.6	3.5
3. Government deposits	1.1	4.9	3.8	5.4	4.4	3.0	7.4	1.5	1.9	3.3
4. Credit from central bank	57.1	83.9	74.2	79.3	67.8	71.9	58.2	34.5	9.7	6.1
5. Credit from commercial banks	17.3	22.7	32.4	42.9	57.8	48.3	65.4	89.0	112.8	122.8
6. Capital accounts	23.4	23.7	21.7	21.7	21.6	23.2	23.6	28.9	32.7	36.6
7. Total assets or liabilities	104.2	153.6	146.5	168.8	172.7	169.0	178.3	175.1	177.9	189.4

Source: IMF, International Financial Statistics, volumes XVIII (1965), and XXV (1972).

Notes to Table 2:

The abbreviations used in the Table:
R. Est. Bank = Real Estate Bank.
Ind. Bank   = Industrial Bank.
Agr. Bank   = Agricultural and Cooperative Credit Bank.

[1] In the case of the Agricultural Bank, this item shows
the loans payable "after five years".

[2] In the case of the Agricultural Bank, this item is
listed in the source as "capital" and not "paid up capital".

[3] In the case of the Real Estate Bank, this item shows "bonds
and debentures".

[4] In case of Agricultural Bank, this item shows "borrowing
from other banks".

Notes to Table 2':

[1] Added to balance the assets side with the liabilities side
in 1961.

[2] The data on "Bonds" relate only to those held by the private
sector.

Notes of Reconciliation between Tables 2 and 2':

Table 2

a- Loans and advances + adjustment (i)[1]= Claims on private
                                                 sector

b- Goods   = Commodities

c- Other liabilities - (cash and
   balances with banks + securities
   and investments - adjustment (i)   = Other items (net)
   + other assets)

d- Total assets - other liabilities   = Total assets or
                                      liabilities

e- Paid up capital + reserves and
   undistributed profits + provisions = Capital accounts
   - adjustment (ii)2

f- Bonds + borrowing from central bank Bonds + credit from
                                        central
   + other borrowing   =bank + credit from
                                      commercial banks

g- Accounts of cooperative societies Cooperative deposits +
   + government accounts + deposits = government deposits

h-Total liabilities - other liabilities= Total assets or
                                         liabilities

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[1]Adjustment (i) as calculated from Tables 2 and 2' are LE 3.7,
2.8, 2.9, 1.0, 1.1, and 1.1 millions for the six common years
1961, 62, 63, 64, 65, and 66 respectively. The differences
between "loans and advances" in 2 and "claims on private sector"
in 2' can be explained as that part of securities and invest-
ments supplied to the private sector and is included in the item
"securities and investments" appearing in Table 2 which is
missing from Table 2'.

    However, in the extrapolation of adjustment (i) for the
years 1957 through 1960 we should consider the change that
took place in the private sector after the Nationalization
Acts in 1961. The size of the private sector relative to

the government sector was bigger before 1961. Hence, the amount of securities and investment provided to the private sector is expected to be nearer to the 1961 level than to its level of the years after 1961. A reasonable assumption to make here, is to assume that the average value of securities and investments supplied to the private sector during 1957-60 is equal to "3". Thus, our assumption will be that adjustment (i) for the years 1957 through 1960 is equal to LE 3 million.

[2]Adjustment (ii) as calculated from Tables 2 and 2' for the six common years available is LE 0.0, 0.5, 0.6, 0.5, and 0.6 million in the years 1961, 62, 63, 64, 65, and 66 respectively. Having "capital accounts" in Table 2' only for the years 1961 through 1970, we have to extrapolate adjustment (ii) for the period 1957 through 1960 in order to get a continuous series of data. Although the amount of adjustment (ii) shows considerable stability over the period 1962-66, it does not seem justifiable to assume that the amount of adjustment (ii) is LE 0.5 or 0.6 million during the period 1957 through 1960. This is because the amount of adjustment (ii) in 1961 is 0.0. The period after 1961 differs substantially from the period before that year because of the nationalization movement which took place in 1961. We, thus, assume that the adjustment (ii) before 1961 is equal to zero.

Table 2"

Aggregate Balance Sheet
of the Specialized Banks

LE million

Year End Assets and Liabilities	1957	1958	1959	1960
Assets:				
1. Claims on private sector	38.0	39.3	41.4	53.7
2. Commodities	16.8	23.2	38.7	33.2
3. Other items (net)	22.5	9.1	5.5	9.2
4. Total assets	77.3	71.6	85.6	96.1
Liabilities:				
1. Total liabilities	77.3	71.6	85.6	96.1

Source: Tables 2 and 2'. Table 2" is constructed according
to the "Notes of Reconciliation between Tables 2
and 2" presented above.

Table 3
Aggregate Balance Sheet
of the Non-Banks

LE million

Year[1]	1954					1955				
Assets	P.SO. I.F%	P.In. &P.F.	E.Ge. I.O.	P.Of. F.	Grand Total	P.So. I.F.	P.In. &P.F.	E.Ge. I.O.	P.Of. F.	Grand Total
1. Buildings (book value)	-	-	-	-	-	-	-	-	-	-
2. Other fixed assets[2]	-	-	-	-	-	-	-	-	-	-
3. Total fixed assets (1+2)	-	-	-	-	-	-	-	-	-	-
4. Cash in vaults	-	-	-	-	-	-	-	-	-	-
5. Demand deposits	-	-	-	4.8	4.8	-	-	-	7.95	7.95
6. Savings deposits	-	-	-	0.2	0.2	-	-	-	0.5	0.5
7. Demand and savings deposits (5+6)	-	-	-	5.0	5.0	-	-	-	8.45	8.45
8. Commercial papers (book value)	-	-	-	26.8	26.8	-	-	-	22.17	22.17
9. Loans[3]	-	-	-	-	-	-	-	-	2.25	2.25
10. Miscellaneous investments	-	-	-	-	-	-	-	-	-	-
11. Ministry of treasury (investment fund)	-	-	-	-	-	-	-	-	-	-
12. Total claims	-	-	-	-	-	-	-	-	-	-
13. Other assets[4]	-	-	-	-	-	-	-	-	-	-
14. Total assets	-	-	-	31.8	31.8	-	-	-	32.87	32.87
Discrepancies[5]	-	-	-	0.00	0.0	-	-	-	-0.01	-0.01

Table 3 (Continued)

Aggregate Balance Sheet
of the Non-Banks

LE million

Year[1] Assets	1956					1957				
	P.So. I.F.	P.In. &P.F.	E.Ge. I.O.	P.Of F.	Grand Total	P.So. I.F.	P.In. &P.F.	E.Ge. I.O.	P.Of. F.	Grand Total
1. Buildings (book value)	-	-	-	-	-	-	-	-	-	-
2. Other fixed assets[2]	0.01	-	-	-	0.01	0.01	0.01	-	-	0.02
3. Total fixed assets (1+2)	0.01	-	-	-	0.01	0.01	0.01	-	-	0.02
4. Cash in vaults	-	-	-	-	-	-	-	-	-	-
5. Demand deposits	0.09	-	-	1.09	1.18	0.07	0.84	-	2.96	3.87
6. Savings deposits	0.4	-	-	0.9	1.30	0.57	0.51	-	1.90	2.98
7. Demand and savings deposits (5+6)	0.49	-	-	1.99	2.48	0.64	1.35	-	4.86	6.85
8. Commercial papers (book value)	0.17	-	-	28.19	28.36	0.74	11.38	-	31.60	43.71
9. Loans[3]	0.06	-	-	2.25	2.31	0.60	11.52	-	2.60	14.72
10. Miscellaneous investments	-	-	-	-	-	0.06	0.18	-	-	0.24
11. Ministry of Treasury (Investment Fund)	-	-	-	-	-	-	-	-	-	-
12. Total claims	0.28	-	-	-	0.28	0.58	2.17	-	2.75	5.50
13. Other assets[4]	0.01	-	-	-	0.01	0.01	-	-	0.01	0.02
14. Total assets	1.02	-	-	32.43	33.45	2.63	26.61	-	41.82	71.06
Discrepancies[5]	0.00	-	-	0.00	0.00	+0.01	+0.02	-	0.00	+0.03

Table 3 (Continued)
Aggregate Balance Sheet
of the Non-Banks

L.E. Million

Assets	Year [1]	1958					1959				
		P.So. I.F.	P.In. &P.F.	E.Ge. I.O.	P.Of. F.	Grand Total	P.So. I.F.	P.In. &P.F.	E.Ge. I.O.	P.Of. F.	Grand Total
1. Buildings(Book Value)		-	-	-	-	-	0.14	-	-	-	0.14
2. Other fixed assets [2]		0.01	-	-	-	0.01	0.05	-	-	-	0.05
3. Total fixed assets(1+2)		0.01	-	-	-	0.01	0.19	-	-	-	0.19
4. Cash in vaults		-	-	-	-	-	-	-	-	-	-
5. Demand deposits		0.26	1.57	-	2.96	4.79	0.66	1.86	-	4.81	7.33
6. Savings deposits		1.16	1.08	-	2.85	5.09	1.02	2.00	-	2.95	5.97
7. Demand and savings deposits (5+6)		1.42	2.65	-	5.81	9.88	1.68	3.86	-	7.75	13.30
8. Commercial papers (book value)		1.61	12.88	-	32.98	47.47	3.02	19.01	-	34.03	56.06
9. Loans [3]		0.65	18.21	-	2.60	21.46	1.24	20.83	-	3.68	25.75
10. Miscellaneous investments		0.39	2.93	-	-	3.32	0.46	4.93	-	0.07	5.46
11. Ministry of treasury(investment fund)		-	-	-	-	-	-	-	-	-	-
12. Total claims		1.03	2.67	-	-	3.70	1.78	1.81	-	-	3.59
13. Other assets [4]		0.01	-	-	-	0.01	0.02	-	-	-	0.02
14. Total assets		5.12	39.34	-	41.39	85.85	8.39	50.44	-	45.54	104.37
Discrepancies [5]		+0.02	+0.02	-	0.00	0.00	+0.04	-0.01	0.00	-	0.00	-0.01

Table 3 (Continued)
Aggregate Balance Sheet
of the Non-Banks

LE million.

Assets / Year[1]	1960					1961				
	P.So. I.F.	P.In. &P.F.	E.Ge. I.O.	P.Of. F.	Grand Total	P.So. I.F.	P.In. &P.F.	E.Ge. I.O.	P.O. F.	Grand Total
1. Buildings (book value)	-	-	-	-	-	-	-	-	-	-
2. Other fixed assets[2]	0.21	-	-	-	0.21	0.23	0.01	-	-	0.24
3. Total fixed assets (1+2)	0.21	-	-	-	0.21	0.23	0.01	-	-	0.24
4. Cash in vaults	-	-	-	-	-	0.01	-	-	-	0.01
5. Demand deposits	2.58	2.65	-	2.74	7.97	3.05	1.86	-	5.22	10.13
6. Savings deposits	1.02	2.40	-	3.15	6.57	1.037	4.70	-	3.25	8.98
7. Demand and savings deposits(5+6)	3.60	5.05	-	5.89	14.54	4.08	6.56	-	8.47	19.11
8. Commercial papers(book value)	5.59	23.20	-	36.90	65.69	6.31	66.85[10]	-	38.54	111.70
9. Loans[3]	1.75	27.05	-	4.35	33.15	2.76	27.02	-	2.95	32.73
10. Miscellaneous investments	-	6.12	-	0.089	6.20	-	6.98	-	0.09[9]	7.07
11. Ministry of Treasury(Investment Fund)	-	-	-	-	-	5.00	7.00	-	-	12.00
12. Total claims	3.11	3.81	-	-	6.92	5.69	5.45	-	-	11.14
13. Other assets[4]	0.03	0.01	-	-	0.04	0.04	-	-	-	0.04
14. Total assets	14.29	65.24	-	47.22	126.5	24.12	119.86	-	50.05	194.03
Discrepancies[5]	+0.01	0.00	-	0.00	+0.01	0.00	+0.02	-	0.00	+0.02

Table 3 (Continued)

Aggregate Balance Sheet of the Non-Banks

LE Million

Year[1]	1962					1963				
Assets	P.So.[12] I.F.	P.In. &P.F.	E.Ge. I.O.	P.Of. F.	Grand Total	P.So. I.F.	P.In. &P.F.	E.Ge. I.O.	P.Of. F.	Grand Total
1. Buildings (book Value)	-	-	-	-	-	0.01	-	-	-	0.01
2. Other fixed assets[2]	0.27	0.01	-	-	0.28	0.31	0.01	-	-	0.32
3. Total fixed assets (1+2)	0.27	0.01	-	-	0.28	0.32	0.01	-	-	0.33
4. Cash in vaults	-	-	-	-	-	0.03	-	-	-	0.03
5. Demand deposits	-	0.56	-	6.22	-	-	0.82	-	3.38	-
6. Savings deposits	-	4.70	-	3.25	-	-	4.07	-	3.35	-
7. Demand and Savings deposits(5+6)	3.72	5.26	-	9.47	18.45	3.36	4.89	-	6.73	14.98
8. Commercial Papers (Book value)	6.33	65.09[10]	-	39.37	110.79	6.36	65.08[1]	=	40.43	111.88
9. Loans[3]	3.36	24.82	-	2.70	30.88	3.97	27.78	-	4.76	36.51
10. Miscellaneous investments	-	6.73	-	0.12[9]	6.85	-	6.97	-	0.18[9]	7.15
11. Ministry of treasury (investment fund)	22.3	34.00	-	2.00	58.30	39.60	60.32	-	10.03	109.93
12. Total Claims	6.18	6.77	-	-	12.95	8.68	8.08	-	-	16.76
13. Other assets[4]	0.04	-	-	-	0.04	0.04	-	-	-	0.04
14. Total assets	42.20	142.68	-	53.66	238.54	62.36	173.14	-	62.13	297.63
Discrepancies[5]	0.00	+0.01	-	+0.01	+0.02	0.00	-0.02	-	0.00	-0.02

Table 3 (Continued)
Aggregate Balance Sheet
of the Non-Banks

LE million

Year[1] Assets	1964					1965				
	P.So. I.F.	P.In. &P.F.	E.Ge. I.O.	P.Of. F.	Grand Total	P.So. I.F.	P.In. &P.F.	E.Ge. I.O.	P.Of. F.	Grand Total
1. Buildings (book value)	0.03	–	–	–	0.03	0.17	–	17.95	–	18.12
2. Other fixed assets[2]	0.36	0.01	–	–	0.37	0.39	0.01	–	–	0.40
3. Total fixed assets (1+2)	0.39	0.01	–	–	0.40	0.56	0.01	17.95	–	18.52
4. Cash in vaults	0.03	–	–	–	0.03	0.03	–	–	–	0.03
5. Demand deposits	–	0.40[7]	–	2.11	–	–	0.44[7]	3.65	2.60	–
6. Savings deposits	–	4.02	–	2.50	–	–	3.92	9.28	2.10	–
7. Demand and savings deposits(5+6)	7.73	4.42	–	4.61	16.76	5.57	4.36	12.93	4.70	27.56
8. Commercial papers (book value) [10,11]	6.17	64.95	–	40.53	111.65	6.17	64.89	20.71	40.53	132.3
9. Loans[3]	3.90	25.79	–	4.02	33.71	3.68	22.02	5.62	3.38	34.7
10. Miscellaneous investments	–	6.73	–	0.21[9]	6.94	–	6.12	12.02	0.24[9]	18.38
11. Ministry of treasury (Investment Fund)	66.57	96.23	–	21.20	184.00	119.44	146.26	–	30.30	296.00
12. Total Claims	8.05	11.00	–	–	19.05	19.40	15.40	18.59	–	53.39
13. Others assets[4]	0.04	–	–	–	0.04	0.02	–	1.50	–	1.52
14. Total assets	92.88	209.13	–	70.57	372.58	154.87	259.06	89.30	79.15	582.40
15. Discrepancies[5]	-0.02	-0.01	–	-0.01	-0.04	–	-0.01	0.00	0.00	-0.01

Table 3 (Continued)
Aggregate Balance Sheet
of the Non-Banks

LE million

Year[1] Assets	1966					1967				
	P.So. I.F.	P.In. &P.F.	E.Ge. I.O.	P.Of. F.	Grand Total	P.So. I.F.	O.In. &P.F.	E.Ge. I.O.	P.Of. F.	Grand Total
1. Buildings (book value)	0.30	0.00	20.13	–	20.43	0.31	–	23.18	–	23.49
2. Other fixed assets[2]	0.42	0.01	–	–	0.43	0.54	0.01	–	–	0.55
3. Total fixed assets(1+2)	0.72	0.01	20.13	–	20.86	0.85	0.01	23.18	–	24.04
4. Cash in vaults	0.03	–	–	–	0.03	–	–	–	–	–
5. Demand deposits	–	0.59[7]	2.94	2.91	–	–	1.52	3.16	–	–
6. Savings deposits	–	2.65	10.41	2.10	–	–	2.04	11.85	2.10	–
7. Demand and savings deposits (5+6)	3.41[7]	3.24	13.35	5.01	25.01	0.76	3.56	15.01	2.10	21.43
8. Commercial papers (book value)	6.16	65.04[10,11] 22.88		39.47	133.55	6.66	216.83[10,11] 23.99		39.46	286.94
9. Loans[3]	3.46	20.36	5.34	2.86	32.02	2.96	18.80	5.33	2.53	29.62
10. Miscellaneous investments	–	5.90	12.24	0.27[9]	18.41	–	6.62	12.18	0.27[9]	19.07
11. Ministry of treasury (investment fund)	172.31	199.72	–	35.63	407.66	238.40	104.74	–	37.06	380.20
12. Total claims	30.75[8]	17.86	23.28	–	71.89	16.80[8]	21.18	25.26	–	63.25
13. Other assets[4]	–	–	0.59	–	0.59	–	–	0.67	–	0.67
14. Total assets	216.84	312.13	97.81	83.24	710.02	266.44	371.74	105.62	81.43	825.23
Discrepancies[5]	0.00	+0.01	-0.01	-0.02	-0.02	0.00	0.00	-0.01	0.00	-0.01

Table 3 (Continued)
Aggregate Balance Sheet
of the Non-Banks

LE million

Year[1]	1968					1969				
Assets	P.So. I.F.	P.In. &P.F.	E.Ge. I.O.	P.Of. F.	Grand Total	P.So. I.F.	P.In. &P.F.	E.Ge. I.O.	P.Of. F.	Grand Total
1. Buildings (book value)	0.31	–	25.21	–	25.52	0.41	–	25.99	–	26.40
2. Other fixed assets[2]	0.53	0.01	–	–	0.54	0.52	0.01	–	–	0.53
3. Total fixed assets(1+2)	0.84	0.01	25.21	–	26.06	0.93	0.01	25.99	–	26.93
4. Cash in vaults	–	–	–	–	–	–	–	–	–	–
5. Demand deposits	–	1.39[7]	3.20	0.14	–	–	2.16[7]	3.84	1.98	–
6. Savings deposits	–	1.94	13.96	0.15	–	–	1.91	15.43	–	–
7. Demand and savings deposits (5+6)	0.59[7]	3.33	17.16	0.29	21.37	1.21[7]	4.07	19.27	1.98	26.53
8. Commercial papers (book value) [10,11]	6.53	34.07	25.50	39.46	406.16	6.29	407.30	26.61	35.56	475.76
9. Loans[3]	2.64	17.07	5.56	2.23	27.50	2.35	15.34	5.62	2.05	25.36
10. Miscellaneous investments	–	8.83	12.14	0.27	21.24	–	12.05	11.95	0.27[9]	24.27
11. Ministry of treasury (investment fund)	319.41	73.22	–	33.50	426.13	400.50	69.90	–	37.78	508.18
12. Total claims	26.03[8]	10.58	27.28	–	63.89	27.58[8]	16.09	24.85	–	68.52
13. Other assets[4]	–	–	0.68	–	0.68	–	–	0.74	–	0.74
14. Total assets	356.04	447.71	113.53	75.75	993.03	438.86	524.76	115.03	77.64	156.29
Discrepancies[5]	0.00	-0.01	-0.01	0.00	-0.02	-0.01	+0.01	+0.01	0.00	+0.01

Table 3 (Continued)
Aggregate Balance Sheet
of the Non-Banks

LE million

	1970				
Assets $\quad$ Year[1]	P.SO. I.F.	P.In. &P.F.	E.Ge. I.O.	P.Of. F.	Grand Total
1. Buildings (book value)	0.51	–	27.18	–	27.69
2. Other fixed assets[2]	0.50	0.01	–	–	0.51
3. Total fixed assets (1+2)	1.01	0.01	27.18	–	28.20
4. Cash in vaults	–	–	–	–	–
5. Demand deposits	–	2.71[7]	3.81	2.93	–
6. Savings deposits	–	1.91	21.34	–	–
7. Demand and savings deposits (5+6)	1.68[7]	4.62	25.15	2.93	34.38
8. Commercial papers (book value)	5.96	476.65[10,11]	27.46	35.11	545.18
9. Loans[3]	2.04	13.48	5.10	1.02[9]	21.64
10. Miscellaneous investments	–	13.50	11.29	0.27	25.06
11. Ministry of treasury (investment fund)	491.98	67.32	–	42.62	610.92
12. Total claims	21.55[8]	16.19	22.81	–	60.55
13. Other assets[4]	–	–	1.23	–	1.23
14. Total assets	524.22	600.77	120.22	81.95	1 327.16
Discrepancies[5]	0.00	–0.01	–0.02	0.00	–0.03

Source to Table 3: The Yearbooks of Public Social Insurance Fund, Public Insurance and Pension Fund, Egyptian General Insurance Organization, annual issues.

Notes to Table 3:

The abbreviations used in the Table are:
P. So. I. F. = Public Social Insurance Fund.
P. In. & P.F. = Public Insurance and Pensions Fund.
E. Ge. I. O. = Egyptian General Insurance Organization.
P. Of. F. = Post Office Fund.

[1]For Public Social Insurance Fund and post office Fund the Fiscal year ends at the 30th of June starting in 1962. Before this year the fiscal year for both financial institutions ended at the 31st of December. For the Public Insurance and Pensions Fund, and the Egyptian General Insurance Organization the fiscal year ends at the 30th of June.

The change in the fiscal year from the end of December to the end of June has a negligible effect on the comparability of the series befor and after 1962. More generally, it also has a negligible effect on the comparability of Table 3 with the other financial Tables (1, 2, 4,) in which the fiscal year ends at the end of December. We make this claim because investigation of the series of the Public Insurance Fund and the Post Office Fund shows that the change in fiscal year in 1962 has little effect. (See the attached charts).

[2]Other Fixed assets is adjusted for depreciation.

[3]Loans includes collateral (or guaranteed) loans.

[4]Any item cited in the source of Table 3 which has a value less than Le 5000 (i.e., after rounding less than LE 0.01 million) will be included in item " other assets". If "other assets" itself, after adding all the appropriate figures, is less than LE 5000, the value of this item will not appear in the Table.

[5]This item shows the difference between "total assets" calculated from Table 3, taking footnote 4 into consideration, and the value of "total assets" stated in the balance sheets of the institutions. These discrepancies arise for two reasons: (a) dropping items which have a balue less than LE 5000, and (b. expressing the figures in terms of millions of Egyptian Pounds in order to be comparable with the other Tables, Which

requires rounding of the figures. This rounding is res-
ponsible for some of the discrepancies. Discrepancies
are calculated as follows:
Discrepancies = total assets given in the balance sheets
of the institutions - total assets calculated from Table 3.

[6]The data available for the Post Office Fund describes total
investments (and not total assets) of the Fund.

[7]Savings deposits of the Public Social Insurance Fund include
deposits in the Post Office Fund as well. For some years
deposits in the Post Office Fund are given seperately in
the balance sheet of the Public Social Insurance Fund.
The Public Social Insurance Fund's deposit in the Post
Office Fund are represented below:

Year	1960	1961	1963	1964	1966	1967
Post Office deposit (IE million)	0.02	0.03	0.04	0.05	0.01	0.002

Year	1968	1969	1970
Post Office deposit (IE million)	0.04	0.06	0.11

[8]Total claims of the Public Social Insurance Fund includes
the claims on insurance companies and private savings funds
(according to Law No. 64 passed in 1963) beginning in 1966.
These claims are constant at IE 13.36 million.

[9]Miscellaneous investments of the Post Office Fund represent
only real estate investments in the indicated years.

[10]Commercial paper held by the Public Insurance and Pension
Fund includes treasury bills as well. The treasury bills
are shown seperately in the balance sheet of the Public
Insurance and Pension Fund only over the period 1961
through 1967. The amounts are:

Year	1961	1962	1963	1964	1965
Treasury Bills (IE million)	33.89	31.85	31.85	31.85	31.85

Year	1966	1967
Treasury Bills (IE million)	31.85	183.65

[11] Commercial papers held by the Public Insurance and Pension Fund are reevaluated at current value (instead of book value as in the preceding years) beginning in 1964.

[12] The data for Public Social Insurance Fund in 1962 and 1965 are not available. We have estimated all the items in each of these years by taking the average of the values of each item in the previous and the following years (e.g., demand deposits in 1962 = (demand deposits in 1961 + demand deposits in 1963)/2).

Figure 1(a)

Assets of the Public Social
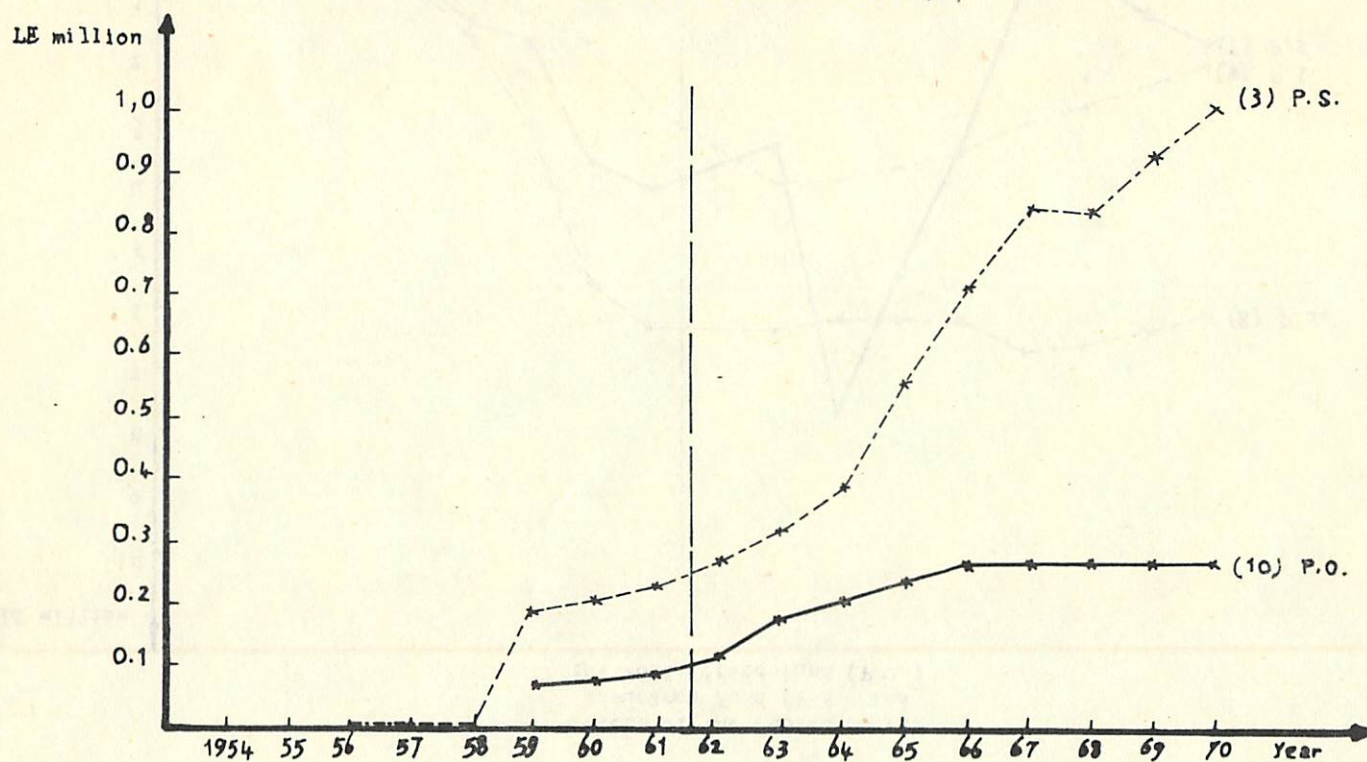Insurance Fund (P.S.) and
the Post Office Fund (P.O.)

Figure 1(b)

Assets of the Public Social
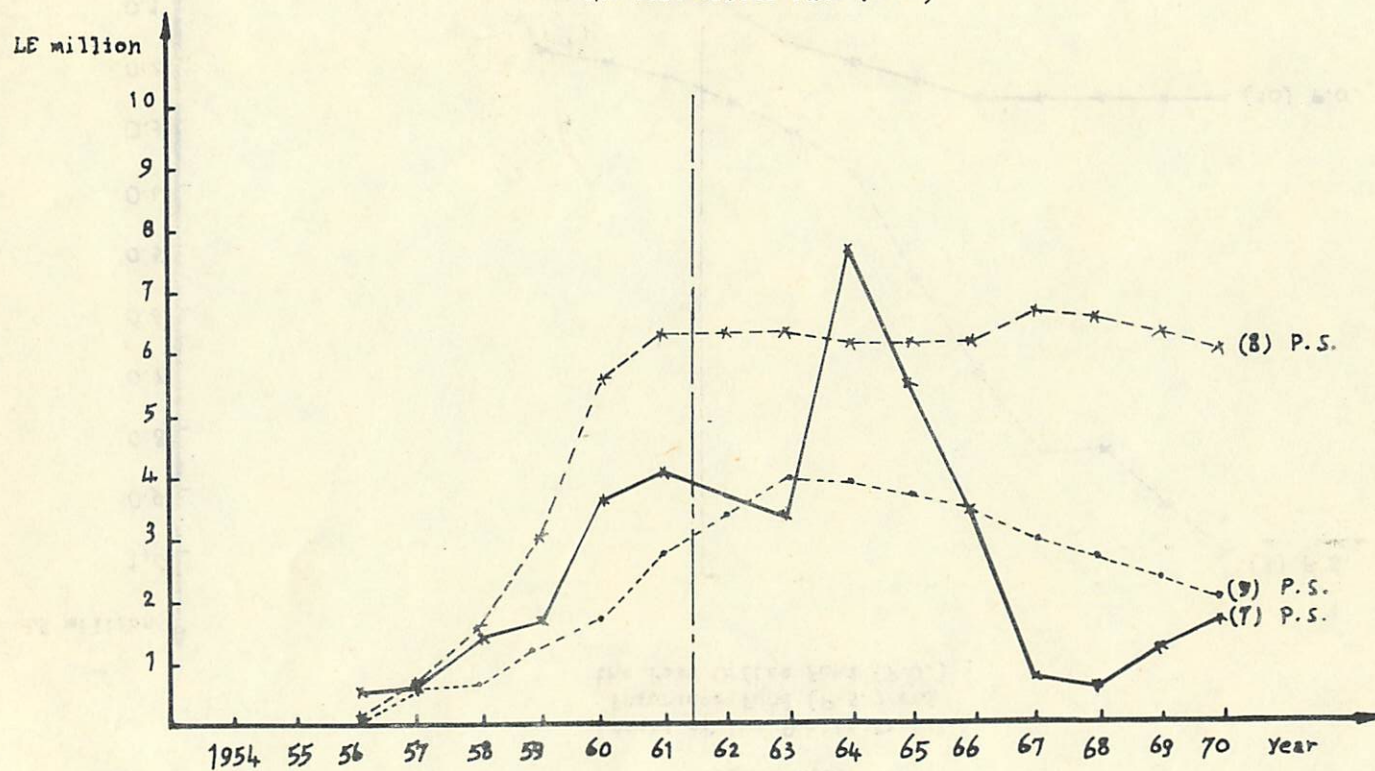Insurance Fund (P.S.) and
the Post Office Fund (P.O.)

Figure 1(c)

Assets of the Public Social
Insurance Fund (P.S.) and
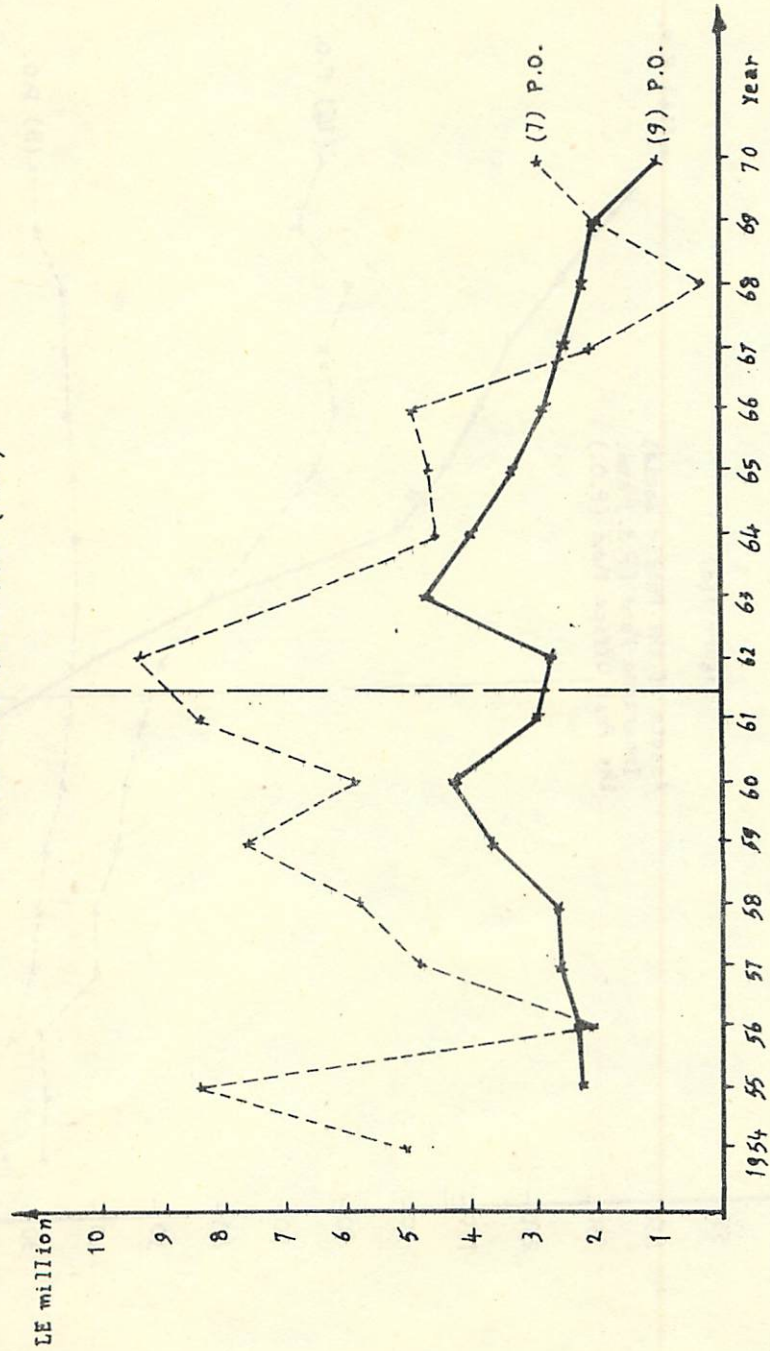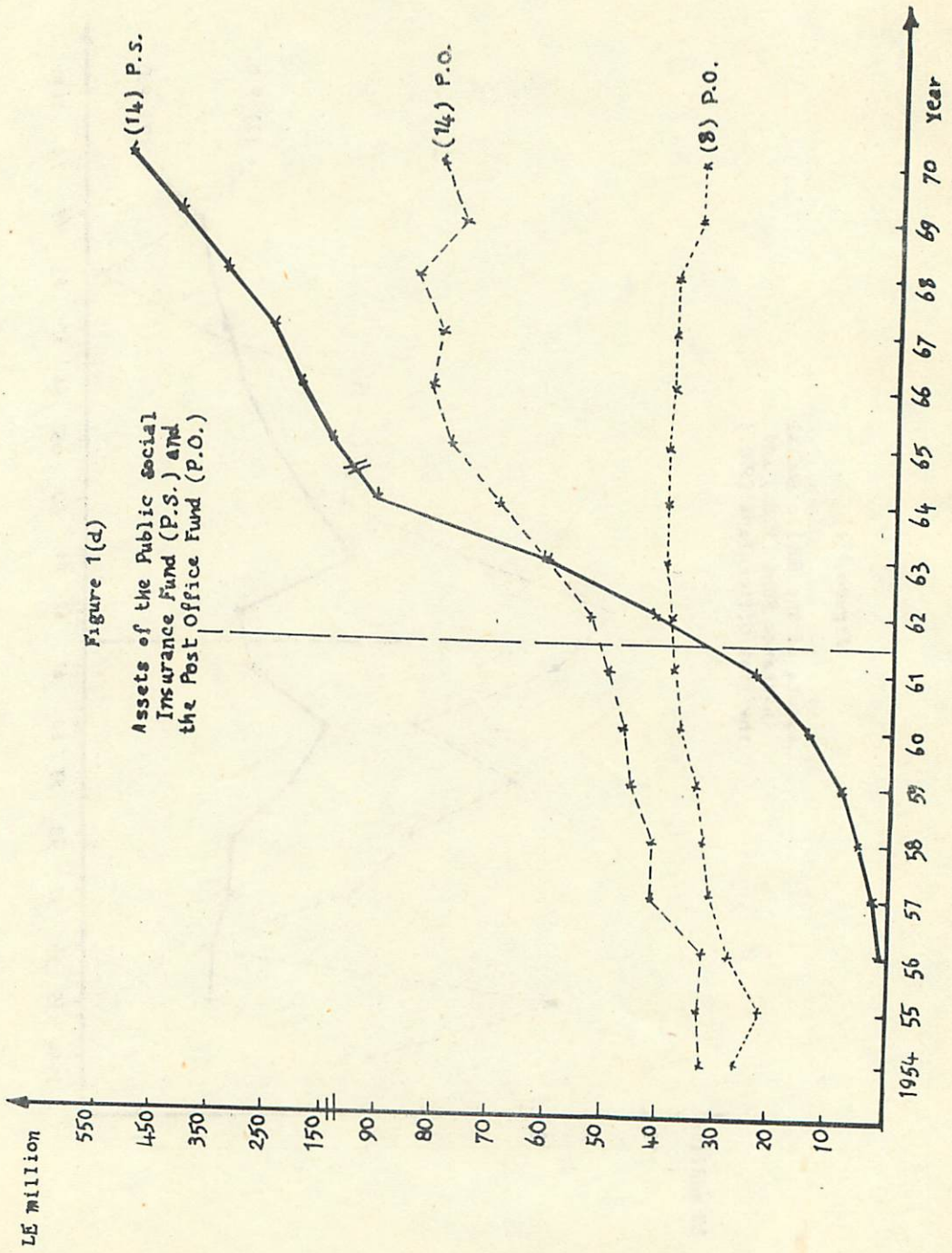the Post Office Fund (P.O.)

Figure 1(d)

Assets of the Public Social
Insurance Fund (P.S.) and
the Post Office Fund (P.O.)

Notes to Figures 1 (a) - 1 (i):

(3) P.S. = Total fixed assets of the Public Social Insurance
Fund.

(7) P.S. = Demand and savings deposits of the Public Social
Insurance Fund.

(7) P.O. = Demand and savings deposits of the Post Office
Fund.

(8) P.S. = Commercial paper (book value) held by the Public
Social Insurance Fund.

(8) P.O. = Commercial paper (book value) held by the Post
Office Fund.

(9) P.S. = Loans given by the Public Social Insurance Fund.

(9) P.O. = Loans given by the Post Office Fund.

(10) P.O. = Miscellaneous investments of the Post Office Fund.

(14) P.S. = Total assets of the Public Social Insurance Fund.

(14) P.O. = Total assets of the Post Office Fund.

Table 4
Balance Sheet of the Central Bank[1]

Assets and Liabilities / Year End	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961
Assets:										
1. Foreign assets	254.0	245.8	251.9	221.8	188.6	157.2	135.7	123.0	117.3	95.0
2. Claims on government	64.0	60.4	51.2	93.1	156.6	197.2	211.4	223.2	279.0	284.3
3. Claims on private sector	19.3	13.6	9.8	16.9	24.8	35.3	38.3	60.1	64.3	20.4
4. Claims on specialized banks	–	–	–	–	–	–	–	–	–	–
5. Claims on commercial banks	4.4	4.0	11.0	9.4	13.6	6.8	20.5	31.0	31.2	29.7
Liabilities:										
1. Reserve money including	286.9	279.6	254.9	272.5	308.3	311.6	300.9	304.9	325.9	326.4
Currency outside banks	184.5	169.3	167.6	167.7	209.4	213.1	207.0	200.0	220.4	256.5
2. Government deposits	7.8	9.5	7.1	1.9	4.9	11.8	16.7	10.2	12.5	7.8
3. Foreign liabilities	27.9	27.0	45.7	50.0	55.8	55.7	68.5	82.7	89.0	87.4
4. Other items (net)	19.1	7.7	16.2	16.8	14.6	17.4	19.8	39.5	64.6	7.8
5. Total assets or Liabilities	341.7	323.8	323.9	341.2	383.6	396.5	405.9	437.3	492.0	429.4

Table 4 (Continued)
Balance Sheet of
the Central Bank

LE million

Assets and Liabilities Year End	1962	1963	1964	1965	1966	1967	1968	1969	1970
Assets:									
1. Foreign assets	83.2	67.1	83.7	118.3	117.4	98.9	105.5	101.5	101.6
2. Claims on government	252.7	339.1	399.1	429.7	444.0	442.0	468.5	490.9	516.2
3. Claims on private sector	—	—	—	—	—	—	—	—	—
4. Claims on specialized banks	82.2	76.9	81.4	65.0	58.4	57.0	34.5	9.5	6.0
5. Claims on commercial banks	44.8	77.2	125.6	180.8	203.3	284.6	278.4	320.3	417.1
Liabilities:									
1. Reserve money including Currency outside banks	335.6	416.4	488.4	550.8	546.4	597.8	606.0	654.9	750.3
	275.9	344.7	416.7	453.2	447.7	450.0	459.8	495.3	524.3
2. Government deposits	11.8	22.1	32.7	19.8	21.6	18.7	10.7	11.9	14.6
3. Foreign liabilities	106.8	97.1	133.7	179.6	202.6	210.4	218.4	221.9	252.8
4. Other items(net)	8.7	24.7	35.0	43.6	52.5	55.6	51.8	33.5	23.2
5. Total assets or liabilities	462.9	560.3	689.8	793.8	823.1	882.5	886.9	922.2	1040.9

Source: IMF, International Financial Statistics, volumes XVI(Supplement 1963/64), XVII(1964), XVIII(1965), and XXV (1972).

Notes to Table 4:

[1] Before January 1961, all data refer to the National Bank, which functioned as a commercial as well as a central bank. From 1961 central banking functions were taken over by the newly created central bank. After 1961 National Bank data are included in the comercial bank sector.

Our series in Table 4 may be divided into two parts. The first part includes data from 1952 through 1960, and the second part data from 1961 through 1970. The differences between the two time periods and data classification of the series are the following:

a- "Claims on private sector" is presented as a separate item in the first part of the series but does not appear in the second parts. In series but does not "Claims on specialized banks" appears in the second part of the series but is missing from the first part.

b- The value of the assets (= liabilities) for any year is greater in the first part of the series than in the second part judging by the figures for the years 1960, 1961, and 1962 that are available for both classifications. Total assets (= liabilities) in 1960, 1961, 1962 according to the earlier classification exceeds the "Total" in the later classification by IE 34, 20, and 14 millions respectively. (See International Financial Statistics, vol. XVII (February 1964, and March 1964).

[1] "Claims on private sector" are composed of "central bank's loans to the specialized banks" and "other entities". See Kardouche, op. cit., PP. 68; 69.

Table 5
Domestic Public Debt[1]

LE million

Year End	1952	1953	1954	1955	1956	1957	1958	1959	1960
Public Debt[2]	230.5	226.5	206.3	244.7	302.9	343.1	385.6	444.5	518.0

Year End	1961[3]	1962[3]	1963[3]	1966	1967	1968	1969	1970	
Public Debt[2]	592.0	831.65	968.8	1124.9	1087.4	1133.3	1220.4	1310.1	

Source: National Bank of Egypt. Economic Bulletin, 1968, and Central Bank of Egypt,
Economic Review, 1970.

of December 1952 = (the public debt at 1951/52 + the figure
at 1952/53)/2. This is applied to all public debt figures
before 1963.

Beginning in 1966 the public debt estimates represent
a fiscal year ending at the 31st of December. But the figures
do not include "Loans from Insurance and Saving Institutions"
(i.e., they do not include borrowing from the non-banks) as in
the case of the other estimates for the period 1951/52 through
1962/63. Hence, we have adjusted the public debt figures
beginning in 1966 by raising the figure for each year by an
amount equal to the borrowing of the government from the
non-banks. The figures for government borrowing from the
non-banks are taken from the balance sheets of the non-banks
(Table 3) under the item "ministry of treasury (or investment
fund)".

[3] One component of the published figures for the public debt
from 1951/52 through 1963/64 is "loans from insurance and
saving institutions". The figures corresponding to that
item for 1961, 62, and 63 do not represent the average of
the figures appearing in the Economic Bulletin (1968)
as is the case in years prior to 1961. This is because,
beginning in 1961, the loans taken by the government from
the insurance and savings institutions (i.e., the non-banks)
appear in the balance sheets of the non-banks (Table 3)
under the item "ministry of treasury". For consistency we
preferred to take the figures of the government borrowing from
the non-banks from Table 3 instead of taking them from the
Economic Bulletin (1968).

Table 6
Flows between the Foreign Sector
and each of the Government
and the Private Sectors

IE million

year	Foreign Credits of the Government Sector	Foreign Credits of the Private Sector	Foreign Debits of the Government Sector	Foreign Debits of the Private Sector
	1	2	3	4
1946	21.5	68.7	11.06	99.54
1947	15.0	96.9	12.34	129.26
1948	37.8	164.4	21.54	187.66
1949	16.9	197.0	30.73	191.37
1950	28.5	251.5	26.89	257.71
1951	22.6	273.5	29.88	282.92
1952	10.6	209.5	30.52	248.18
1953	16.0	201.1	23.67	209.13
1954	13.1	214.3	26.12	201.68
1955	14.8	227.8	34.06	240.20
1956	51.7	218.9	46.63	260.07
1957	34.0	209.7	43.04	231.26
1958	51.3	205.9	50.48	228.12
1959	100.6	213.0	89.66	252.24
1960	110.88	330.25	113.50	347.91

Table 6 (Continued)
Flows between the Foreign Sector
and each of the Government
and the Private Sectors

LE million

Year	Foreign Credits of the Government Sector	Foreign Credits of the Private Sector	Foreign Debits of the Government Sector	Foreign Debits of the Private Sector
	1	2	3	4
1961	127.69	268.85	90.95	323.73
1962	316.46	108.18	453.23	37.32
1963	405.68	108.36	506.64	38.11
1964	455.37	111.83	536.79	41.67
1965	406.18	114.08	524.61	43.94
1966	416.62	124.52	524.18	42.20
1967	400.09	115.18	509.82	36.54
1968	429.35	120.06	504.16	41.76
1969	442.29	131.48	567.68	44.81
1970	559.74	148.01	725.15	47.85

Source: IMF, Balance of Payments Yearbook, volumes I, V, VIII, XII, XIV, XVII, and XXII. Table 6 is formulated according to the assumptions cited in PP. 24-30.

Table 7
The Cost of Living Index of Egypt
(1952 - 1970)

Year	Cost of Living Index (at December 31)	Cost of Living Index (1963 = 100)
	1	2
1952	105	106
1953	93	94
1954	94	95
1955	94	95
1956	96	97
1957	100	101
1958	100	101
1959	100	101
1960	101	102
1961	101	102
1962	98	99
1963	99	100
1964	103	104
1965	119.2	119.2
1966	129.8	129.8
1967	130.7	130.7

Table 7 (Continued)
The Cost of Living Index of Egypt
(1952 - 1970)

Year	Cost of Living Index (at December31)	Cost of Living Index (1963 = 100)
	1	2
1968	135.8	135.8
1969	140.4	140.4
1970	145.8	145.8

Source: IMF, International Financial Statistics, volumes XVII (1965), Supplement (1967-68) and XXIV (1971).

Notes to Table 7:

[1] In column 1, for the period 1952 through 1964 the base year is 1958 (1958 = 100); from 1965 the base year is 1963 (1963 = 100).

[2] Column 2 is derived from column 1 by multiplying each of the cost of living indices in the period 1952 through 1964 by 100/99.