1984

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CAIRO PAPERS IN SOCIAL SCIENCE

الجامعة الأمريكية بالقاهرة
THE AMERICAN UNIVERSITY IN CAIRO

Volume Seven - Monograph Three

IMPACT OF DEVELOPMENT ASSISTANCE ON EGYPT

EDITED BY
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One cannot dispute the fact that the cumulative size of U.S. economic assistance to Egypt since 1974 - estimated at some $8.5 billion - is larger than any other commitment of aid Egypt has received in the past. In exchange, and over the same decade of cooperation, Egypt has reciprocated with equally substantive political and military concessions it has made to the U.S., as well as some more quantifiable economic and commercial benefits in the form of significant petroleum concessions, high returns on an estimated $2 billion of direct U.S. investments in Egypt, and an increase in the import bill for U.S. commodities from $85 million in 1972 to $610 million in 1976 to $1,727 million in 1982.[1]

It can also be argued that the indirect cost to the Egyptian economy attributable to its pursuit of an open door policy - in line with its political reorientation towards the West - has been very high in terms of domestic economic activity which has developed in favor of the less productive sectors of the economy and in terms of a rapid deterioration in income distribution.

Taking as given the premise that the broad aspects of the exchange are mutually beneficial to both countries, the question for Egypt is how far do the terms and conditions surrounding the flow of aid from the U.S. affect the size of its ultimate benefits and how far does the actual contribution of U.S. aid to the Egyptian economy compare with its potential contribution.

This paper attempts to show that the goals and priorities of Egypt have been reasonably clear throughout the period of Egyptian-American cooperation starting in 1974, and that the objectives of U.S. aid do not closely coincide with those of Egypt. It also gives evidence of the fact that the actual size of U.S. aid commitment to Egypt is much smaller than what is authorized annually, and finally the paper identifies how the allocation procedures and decisions concerning aid leave much scope for raising the effectiveness and reducing the cost of U.S. aid from the Egyptian perspective.

In the first part of this paper, I will compare and contrast the announced or implicit objectives of both recipient and donor countries and the implications for Egypt of the discrepancy in these objectives. In the second part, I will focus more closely on some issues relating to procedural arrangements concerning aid, with special emphasis on the industrial sector and try to show how the flow of aid to this sector could be made to improve in terms of real developmental benefits for Egypt.

By reviewing the political, economic and legislative framework within which Egypt's system has operated over the past decade, we can identify a number of consistent priorities and objectives:

1. The Egyptian government has consistently reiterated its continued pursual of measures aimed at social equity both in words and action, with the consequent difficulties it has increasingly faced in reconciling liberalization policies with structural reforms.

2. Egypt has consistently upheld its commitment to a strong and dominant public sector responsible for steering the economy along its growth path. Here again, the legislation accompanying liberalization measures has rapidly endorsed the principle that the state's participation in the equity of public enterprise will not be reduced even in percentage terms.[2]

3. Increasing decentralization has not removed the need for more application of sectoral planning and coordination through the operation of investment screening, selection and finance at the central level, first on an annual and more recently on a five-year basis.

4. Policy-makers have throughout the decade chosen to earmark a substantial proportion of Egypt's resources to investment for the purpose of speeding the economy's rate of growth and development.

5. Egypt has pledged to make the transition to a more open and private sector oriented economy and has fulfilled all of its obligations to the foreign trade and private investment rules of the game.

6. Egypt has more recently reassessed its domestic performance and decided to vigorously pursue those policies that can redress the balance between productive and non-productive economic activities. Yet one of the more serious recurrent criticisms levelled at Egypt as a recipient of aid has been that the government is unwilling to undertake essential policy reforms and especially those relating to relaxing price controls so as to make the economic environment more conducive to allocative, production and consumption efficiency.

On these domestic policy issues, many donor institutions (including U.S.A.I.D.) as well as several Egyptian economists have urged the government to introduce with speed those reforms necessary to improve the structure of protection and subsidies with a view to reducing waste and the misallocation of resources.[3]

It is my view, however, that these reforms are in no way necessary conditions for the appropriate selection of productive investment projects (rather than concentrating on the finance and implementation of infrastructural projects by international institutions), since the benefits of such projects can and have been clearly identified by the application of project evaluation at the sectoral and enterprise level both by the government departments and donor agencies, often with the help of the most technically specialized and reputable consultancy houses. I would, therefore, totally disagree with the conclusion arrived at by some analysts regarding a necessary link between structural reform and the size or conditionality of foreign assistance to Egypt.

In a very well intentioned article in the Wall Street Journal on October 3rd of this year, published to coincide with President Mubarak's visit to the U.S., a colleague of mine analyzes the price phobia of the Egyptian government and its reprecussions on reducing Egypt's domestic productivity and development potential. But Mr. Dennis Miller goes one step further to deduce in his concluding paragraph that Egyptians want a freer hand in determining where the aid funds are spent, and yet, I quote: "If given more unconditionally, US aid will hurt - not help - Egypt's economy."[4]

Now, my own appraisal of Egypt's present domestic circumstances would highlight the crucial importance of more foreign aid - not less - directed at what Egypt has perceived as priority areas in its five-year plan 1982-87, with emphasis on the commodity sectors, mainly industry and agriculture. There is ample scope for the selection of projects satisfying every possible indicator of developmental benefit and comparative advantage. It is no secret that the list of projects included under Industry, for instance, and valued at $8.6 billion for the current five-year plan is already a significantly reduced short list complied after the difficult process of rejecting countless viable opportunities for investment because of budget constraints. I shall consider assistance to Egyptian industry in more detail in the second part of this paper.

The next question that comes to mind is the extent to which the goals and objectives of the Egyptian government are actually pursued in the design and implementation of the US aid program to Egypt. Significant examples of this discrepancy will be elaborated in order to describe what I perceive as the fundamental sources of conflict in the US-Egypt aid relationship.

The first issue is that of size. Is Egypt really getting $1 billion per year of US aid? An elementary course in economics teaches us that if today you are promised $100 million, but these funds are planned to be disbursed to you over a period of nine years, then discounting each disbursement at the time it accures by the opportunity cost reflecting the appropriate rate of return which you could earn on each dollar over the relevant interval would mean that the present real value of the aid committed is only a fraction of that $100 million. These figures I am using are taken from p. 5 of the annual report prepared by AID for 1982 and distributed by the AID offices in Cairo entitled <u>Al-Taghyeer</u>, "Change", and describe the US-Egyptian agreement to replace the Francis runners in the 12 turbines at the Aswan High Dam. The example in the brochure is used precisely in order to explain why 37% of the $7.6 billion of economic assistance committed to Egypt by the U.S. up to and including 1982 was undisbursed or in the "pipeline". This concept of funds authorized but planned not to be received or used by the recipient is very distinct from the concept of "slippage" in relation to delays in implementation time and, hence, actual expenditure relative to planned expenditure, a circumstance in which Mr. Cappelletti (Director of UNDP) clearly stated that Egypt-UNDP projects suffered much less than the average across Third World countries, with a slippage of less than 20% in Egypt compared to 25% average worldwide.

Again, judging from Egypt's experience with other aid donors, it does not seem to me to be the "conventional" practice of funding to have the entire cost of projects earmarked and frozen at the U.S. Treasury the day an agreement is authorized, especially where the implementation time is expected to last such long periods which is the case with most infrastructural and industrial projects which are so lumpy in nature. The one and only large public sector industrial loan from the U.S. of $96 million to Misr Mehella Co. was, thus, included in the aid package for 1976 and yet finance was being disbursed by AID until the end of 1983. The Suez Cement plant ($100 million) has taken six years to implement, the power station at Ismailia ($250 million) was allocated in 1976 and, yet, will only be completed in 1986. Water and sewerage projects are likewise very long term in their implementation, and utilities account for 55% of total US project aid.[5]

If one is to subtract the annual US aid commitment to Food and Commodity imports - roughly 57% of total commitments - from total annual U.S. economic aid, and it is well established that disbursements on these two major forms of aid flows are well within any 12 months interval, we can estimate that as much as 86% of project aid is undisbursed,[6] an alarming figure in terms of its opportunity cost to Egypt. An extremely rough guess of the magnitude of the annual loss to Egypt on account of the American reluctance to resort to incremental budgeting is in the range of $200 million or 20% of the annual commitment of $1 billion. It is important to note that this problem is in no way related to the issue of cash transfers (which I will not consider in this paper), and is simply attributable to the short-term nature of America's approach to helping Egypt economically. If, on the other hand, there were a desire and willingness on the part of the US to pledge itself to assisting Egypt over a longer time frame, the entire procedure of authorization, commitment and disbursements could ensure that the gap between the actual and potential usefulness of the funds to Egypt would narrow significantly.

Turning our attention to the declared or implicit objectives governing the distribution of US aid to projects, it would seem to me that US funds are inappropriately allocated because of reluctance on the part of the donor to implement developmental projects unless these satisfy a set of criteria which include: high visibility, consumption rather than production, and hostility to public sector enterprise.

1. High Visibility:

AID officials often claim that unlike the Russians who helped Egypt build numerous showy monuments like the High Dam, the Iron and Steel Complex, and the Aluminium Complex, America has opted for badly needed rehabilitation of the utilities which are hardly visible with the sewerage, water, electricity, and telephone projects given as examples. Yet, judging by the articles in the press and other news media, hardly a day passes without mention of the poor state of the telephones, complaints of power cuts, water shortages, and flooding of the sewerage system. The urban infrastructure is, therefore, an area of great visibility to the city dwellers, and improving the drains is by no means unnoticed.

U.S.A.I.D. is also proud to have initiated a sufficient number of power stations (worth $670 million in US aid) the capacity of which, when completed, will equal or exceed the output of the Aswan High Dam. Towering grain storage silos worth $175 million are another constant reminder of Egypt's heavy dependence on the generous terms of the PL 480 food program.

High visibility can sometimes come at a heavy cost in terms of trading quantity for quality. One striking example is the allocation of infrastructural project aid on a decentralized basis. Rural infrastructure, including water systems, roads and sanitary drainage is being provided for more than 4,000 villages (another $145 million) according to the peculiar system of AID officials visiting village councils to judge the priorities of each village at the "grass roots" level. If Egypt's entire arable land area is apparently equal to half the size of South Carolina, do we really need to make infrastructural decisions at a more decentralized level than the governorate? Can the priorities of village or urban dwellers (who receive the same type of AID service as the villages) be acted upon without reference to some overall plan that looks into the entire time frame and technical aspects of infrastructure and without the budget constraint stipulating that no one community can have more than some $80,000.00?

Another example of visibility obtained at the cost of real development is in the realm of 'education'. USAID has committed $54 million to Peace fellowships awarded for university education in the U.S.A., compared to $39 million allocated to basic school education, in a country where the literacy rate is 43% for the population. The Peace Fellowship program is again spread so thinly (no recipient can spend more than one year in the US) that it will provide for as many as 1,900 scholarships at US universities.

One sometimes wonders, is US aid designed more on the basis of "visibility" studies rather than feasibility studies?

2. Consumption Rather than Production:

"To the extent that the US aid program has adhered to any developmental model for Egypt, it is one that, put briefly, envisions a more export-oriented industrial society, supplemented by a highly productive agriculture sector."[7] No Egyptian academic or administrative official would argue with the objectives of such a strategy for Egypt. Productivity and export promotion are the themes of every pronouncement made on the necessary orientation of the economy.

Yet, if one looks at the actual distribution of US aid to Egypt, one is struck by the virtual absence of any projects that directly contribute to the productive capacity of the economy. Apart from the fact that the entire share of industry and agriculture in total aid commitment scarcely reaches 8%, there are important conditions which limit the size or effectiveness of American aid in these two vital commodity sectors. In industry, the private sector bias (discussed below) has made it difficult to disburse any significant funds because of the limited absorptive capacity of the private sector. In agriculture, U.S.A.I.D. has long made the decision to exclude land reclamation schemes from any project aid on the basis of a report prepared by a now famous consultancy house, 'Pacific Consultants'. Given the relatively high yields already achieved in the old fertile land, there is therefore not much scope for assistance except in research oriented at raising present yields (approximately $150 million).

It is difficult for an Egyptian not to compare the developmental impact of US aid with that achieved two decades earlier with the cooperation of the Russians. Between 1958 and 1965, the USSR supplied Egypt with $842 million in long-term, low interest loans.[8] Almost all of this assistance was earmarked for specific projects: the construction of the High Dam ($325 million), a steel mill which raised annual capacity by one million tons per year, chemical and pharmaceutical plants, oil refineries and cotton spinning mills.

In terms of the trading relationship that evolved, the net impact on Egypt's balance of trade (excluding military hardware) was always in Egypt's favor, with an increasing share in the export of manufactured goods from Egypt to the USSR. In comparison, if one looks at Egypt's trade balance with the U.S., and again excluding the import of military goods, the trend should cause great concern. Whereas Egypt's imports from the U.S. have grown from $85 million in 1972 to $1,727 million in 1982 (a twenty fold increase), exports to the U.S. have only grown from $13 million to $147 million over the same period, crude petroleum accounting for 77% of this last figure. In other words, Egypt's nonpetroleum exports to the U.S., including manufactures, have risen by a mere

$20 million (undeflated) over the entire decade.

When it is remembered that Egypt renounced all of its bilateral trade agreements with the Eastern Bloc in order to conform to the new rules governing the era of economic cooperation with the West, when it is also remembered that Egypt lost most of its export markets in the Arab countries on account of its signing the Camp David Accord, it becomes painfully clear that little effort has been exerted by its new major ally - the U.S.A. - to support the development in Egypt of productive, export-oriented activities which might help it redress the structure of its imports and exports. Another disturbing feature of this lopsided trade relationship is that Egyptian exporters are under continuous pressure exerted through official U.S. channels not to increase their sales in the U.S. of such traditional competitive manufactures as cotton yarn.

It may be argued that US aid has a specific mandate to concentrate its project assistance on the poorest segments of the population rather than on the larger more concentrated development-oriented projects. Yet, even at the grass roots level of economic cooperation, there is no evidence of US aid being utilized to support the production capacity or efficiency of small scale producers in urban or rural areas. The only exception that I was able to identify is a $26.5 million allocation in 1978 to the so called 'Local Development Fund' which has helped finance 491 projects of an income generating nature in rural areas. This fund helps villagers set up such projects as hatcheries, egg layers, poultry feed mills, and transport activities on a cooperative basis, and the aid is channelled to each activity as a long term loan to complement the finance provided by the group of villagers themselves. Although this kind of program could go very far in identifying simple prototypes for efficient small scale projects which could be duplicated throughout the countryside and serve the needs of generating additional sources of employment and income in more of Egypt's 25,000 villages, the funding for this program is apparently terminated.

According to the AID/Cairo mission's Country Development Strategy Statement (CDSS) for 1982: "Industry is the domestic sector that holds out the greatest hope for self-sustaining growth. Any major expansion of the value of agricultural output will be largely dependent on processing by agro-industry for the domestic market and for export." In the CDSS Annex on Industry (p.22): "U.S.A.I.D. is concerned with Egypt's industrial sector because industrialization is a major political objective of Egypt, because industry is the obvious source of self-sustaining economic growth for the country, because it is an important potential source of foreign exchange earnings, and because it is the major locus of future employment growth." In its Employment Strategy Annex, AID has again singled out industry as the only viable sector capable of generating significant real productive employment in the foreseeable future. A growth rate for that sector is viewed as the only scenario that can avoid the critical growth of open and disguised unemployment in the near future.

If one were to take all these 'Statements' seriously, and if one were to consider the wealth of human resources and technical expertise of which U.S.A.I.D. has availed itself to study projects during the past decade, how come there has been so little forthcoming into that sector which has been perceived as one of the highest priority areas for investment? By reviewing the entire $8.5 billion committed by the U.S. to Egypt, one can find exactly $504 million earmarked for industrial investment (some of which was in fact transferred to the service sector as will be elaborated in the second part of this paper). $291 million of this total has gone to 3 industrial plants (2 cement plants at $195 million and $96 million to Egypt's largest textile company at Mehella), another $129 million has been divided among public sector enterprises for rehabilitation, $34 million for private sector industry and the balance of $39 million has been earmarked for one of several programs aimed at raising the poductivity of industrial firms. The time profile of these commitments is also very informative. The three large projects together with all of the private and public sector loans were authorized and committed between July 31st, 1976 and September 28th, 1978, amounting to $467 million, or 93% of what has been allocated by U.S.A.I.D. to industry until the end of 1983. The resources committed to industry in these three years, thus, accounted for 40% of total project aid ($1,186) in that first phase of Egyptian American cooperation. Since September of 1978, however, not one new commitment has been made for industrial investment proper, only the $39 million grant for the project named 'Industrial Development for Productivity', authorized in 1980.

It is ironical to attest to the painstaking job that was undertaken by U.S.A.I.D. to translate all 12 volumes of Egypt's Five Year Plan 1978-82. Today, with the second five year plan 1982-87 into its second year, and with a short list of some 500 well specified industrial projects, U.S.A.I.D. pays no heed and has no interest in a single one of the areas lined up in every possible subsector of manufacturing, whether renewal or expansion, import substituting or export-oriented, private or public enterprise.

Whatever the reasons behind this drastic change in the sectoral balance of US project assistance to Egypt (and the next section may clarify the basic issue at stake), it is evident that there is a serious departure in the new pattern of aid allocation by the donor away from the declared priorities of the recipient. Whether one should look to blame the U.S. administration, the Congress, Cairo's AID, or even the Egyptian bureaucracy is very much of an issue, but it would take us too far into the realm of politics which is not my area of expertise. However, I still think it apt to qoute the opinion of a political analyst in a recent article: "The removal of the possiblity of an armed conflict in the Middle East was considered by the United States as an end in itself rather than the precondition for finding a comprehensive solution to the Middle East issue".[9] If this comment does reflect the attitude of the U.S. in terms of Middle East politics, then a very appropriate parallel can be made of its short-sighted approach to economic assistance. The circumstances are similar in the sense that Egypt did opt for a relationship with the U.S. where it was initially led to understand that it would get long-term economic support aimed at growth and development. If the United States has considered the substantial aid it delivers to Egypt as a means to feed the population and provide it with basic services and, thus, maintain domestic stability as an end in itself, then the basic issue of overcoming Egypt's poverty and backwardness will not be addressed and the recipient's economy will sink into the morass at a compounding rate of dependence.

3. Hostility to Public Sector Enterprise:

Throughout the decade of economic cooperation between Egypt and the United States, one of the most critical and yet most carefully concealed issues of conflict has been the status of Egypt's vast number of state-owned companies set up during the socialist era of the 1960s. These have consistently been accused and abused by most aid donors from the West for being inefficient, for getting preferential treatment by the government, and for preventing the entry of private sector firms into their markets.

To the typical American, there is a simple ideological bias whereby publicly owned and operated enterprises are automatically associated with a 'Communist' regime. To the more perceptive American policy-maker aware of his country's vital interest, public enterprises pose an encumbrance, if not a threat, to the 'free play of market forces' and the smooth flow of goods and/or private capital from the U.S. into the Egyptian market.

To put the matter in very plain language, the existence of public enterprises in the Egyptian economy - given the stage of its development and regardless of the ideology of any particular political party in power - is as much a vital Egyptian interest as American multinationals are to the U.S.

If one needs to describe Egyptian public companies it is also easiest to do so by comparing them with those very multinationals. One common feature they share is that they have sufficient power (because of sheer size, protection, experience...) for their behaviour to be fairly described as noncompetitive. They also share the characteristic that they will be as X-efficient as their shareholders and market conditions permit. If protection is high, profits will be high, and the motivation to minimize cost may be reduced. If the state as shareholder has a system to check on the performance of its companies, they will tend to be more efficient. If the state over-indulges with its centralized controls over the companies, they lose their autonomy and become mere government departments.

Egypt's public enterprises have more of the efficient firms in some sectors (Suez Canal, Petroleum, Banking, Food industries, textiles, pharmaceuticals) and more of the inefficient in others (public transport, airline, distributive trade, consumer durables and electronic equipment). As to government protection for public enterprise, such protection is essential if we view these companies as tools for income distribution, for employment creation, for training of the labor force and for earning a surplus for reinvestment in all major areas concerned with the provision of essential goods or services.

If the American-Egyptian aid and trade relationship is to flourish, this will only take place if there is mutual respect on either side for those institutions which are viewed as essential by each sovereign nation, and it is important to realize that the growth and well being of Egypt's public enterprises is of prime importance in order to serve Egypt's development objectives and does not necessarily mean a lost opportunity for a foreign or domestic private sector enterprise. In the decade of the seventies and starting 1974, with the enactment of Law 43, there has been a lot more complementarity and competition in the roles of private and public firms.

It is, therefore, unadvisable for U.S.A.I.D. to continue to withhold development aid from Egyptian public sector firms and to offer them only trivial funds with the condition that they be used for rehabilitation of equipment and not expansion of productive capacity. There is ample evidence of highly efficient public enterprises in industry[10], especially if judged at economic prices rather than the distorted prices at which they buy their inputs (like energy and local raw materials) and sell their output at subsidy prices.

Many of these efficient firms have long been identified by AID's lengthy screening procedures, the number of candidate firms applying for the initial Industrial Production Project (IPP) of $83 million largely exceeding the available fund. The evidence points to the complicated procedures which AID has followed with the results that long and unnecessary delays prevented disbursements from being made to these firms. At one point, the required criterion of earning a 15% economic rate of return on each project was 'adjusted' to include that the project must also earn a minimum 15% financial rate of return, a condition which is almost impossible given the price policy that governs the sale of public enterprise output.[11] The detail entered into by feasibility studies conducted according to AID regulations was way out of proportion with the $10 million limitation on what any firm could request. The result has been that after committing the funds to the project in 1977, only 18% had been disbursed by September 1983. Of the second IPP loan of $46.4 million committed in 1978, again only 13% had been disbursed.

The comparison of terms and procedures in disbursing aid to private as opposed to public sector firms is most striking. The first commitment to private industrial firms was made through the Development Industrial Bank, DIB, ($32 million) in 1976 and the funds were expected to be disbursed by the end of 1978, then postponed to 1979, and again to 1981. Although U.S.A.I.D. was willing to make a second commitment, it was waiting for the first to be disbursed. The reason for delays on these disbursements are diametrically opposed to those responsible for delays on authorizing and disbursing funds to the public sector enterprises. For private firms, the decision to provide finance is simply based on financial considerations: "The DIB may be considered closer to a merchant than a traditional development bank in the sense that it does not seek to approve projects which may be desirable from a socio-economic or strategic point of view..., it may be inferred that the capital available at DIB is not used as effectively as it could be if economic development rather than its profitability, were the Bank's primary objective".[12]

Whereas a public sector vegetable oil and soap company was being refused an IPP loan which would earn more than 40% economic rate of return because the market profitability was less than 15%, U.S.A.I.D. was making available to private sector firms loans to set up ice-cream, soft drinks, confectionary, and snack food factories. In spite of the relatively easy test by which private sector applicants could obtain DIB funds, there were just not enough of these applicants. Most AID funds were, thus, channelled to large projects (more than L.E.1 million in total investment) with 35% of that authorized by 1981 going to four projects. At the time of the mid-program AID evaluation, only 40% of authorizations had gone to manufacturing activities, the rest having been directed to service enterprises.[13]

Both Egyptian and foreign consultants, who were requested to make an appraisal of the IPP (for industrial public sector loans), have deemed the project a failure.[14] The same goes for the private sector loans administered by DIB. Blame for the shortcomings of the first project was mostly placed on the procedural arrangements devised to allocate the resources, but it is difficult to use the same explanation for failure of the second type of projects, where failure is measured by the slow pace and impact of the projects. It is my judgment that the basic problem which is exemplified by these two major attempts of U.S.A.I.D. to reach industry is the imbalance in the size of the allocations made between private and public firms and in the absence of an even handed treatment of both sectors. Had the same criteria of economic profitability been used in both cases, there would have been a much larger inflow of investment resources to Egyptian public enterprises. The absorptive capacity of the public sector is simply very much larger than that of the private sector at Egypt's present stage of development.

In concluding this paper, it may be useful to consider the title of U.S.A.I.D.'s annual report for 1982, "Al-Taghyeer", or change. If the U.S. and Egypt are looking for a viable long-term relationship, America's approach should shift radically in order to be truly perceived as a donor of developmental aid, concerned with Egypt's long-term goals and accepting Egypt's sovereignty in deciding what its development priorities are.

End Notes

1. Figures obtained from the Central Agency for Public Mobilization and Statistics in Egyptian pounds and converted at the relevant official exchange rate ($1 = L.E.0.40 in 1972 and $1 = L.E.0.70 in 1982).

2. See Article 10 of Law 111 of 1975 concerning public sector companies.

3. Jerome R. LaPittus, "1984 CDSS Policy Issues Facing Egypt", USAID/Cairo. Feb. 11, 1982.

4. Dennis Miller, "The Price Egypt Must Pay for an Economic Future", The Wall Street Journal/Europe, Oct. 3, 1983, editorial page.

5. Ministry of Investment and Economic Cooperation, "Status of USAID Assistance to Egypt From 1975 to Sept. 30, 1983". (25 pages) Calculation made by adding total dollar commitments for water, sewerage, electricity, irrigation, urban and rural infrastructure at local administrative level. These add up to $1,969 million out of total project aid of $3,602 million.

6. USAID, Al- Taghyeer, Annual Report for 1982. Cairo. A figure of $2.8 billion is given for the amount of funds which has been committed but undisbursed (page 5) and a percentage of 57% of the total $7.6 billion committed to Egypt between 1974 and 1982 is quoted (page 4) as the share of the CIP plus PL 480 programs.

7. Marvin G. Weinbaum, "Politics and Development in Foreign Aid: U.S. Economic Assistance to Egypt, 1975-82". The Middle East Journal, Autumn 1983, vol. 37, no. 4.

8. Nazem Abdallah, "The Role of Foreign Capital in Egypt's Economic Development: 1960-1972." International Journal of Middle East Studies, vol. 14, 1982, p. 87.

9. Roberto Aliboni, "Security, Foreign Policy and Public Expenditure: A Hard Test for the New Egyptian Regime". The International Spectator, vol. xviii, Jan.-June 1983.

10. World Bank, Egypt: Issues of Trade Strategy and Investment Planning. Report No. 4136-EGT, Washington D.C., 1983.

11. Coopers and Lybrand, Evaluation of the Industrial Project and Other Industrial Sector Programs. Draft Final Report, May 1982.

12.----------, Evaluation of AID Loan Program for Industrial Private Sector Development. Draft Final Report, May 1982, p. 25.

13. ibid, p. 31.

14. Dr. Fawzi Riad Fahmy, "Evaluation of American Aid to Egypt's Industrial Sector", Seminar held at the Institute of National Planning, Cairo, March 15, 1983, p. 28. (in Arabic)