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## **A study and analysis of farm tenancy in Egypt**

Mohamad Riad El Ghonemy

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I am submitting herewith a thesis written by Mohamad Riad El Ghonemy entitled "A study and analysis of farm tenancy in Egypt." I have examined the final electronic copy of this thesis for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Master of Science, with a major in Agricultural Economics.

Erven J. Long, Major Professor

We have read this thesis and recommend its acceptance:

Howard J. Bonsar, John F. Fischer

Accepted for the Council:

Carolyn R. Hodges

Vice Provost and Dean of the Graduate School

(Original signatures are on file with official student records.)

CRANES CREST

March 6, 1951

To the Graduate Council:

I am submitting herewith a thesis written by Mohamad Riad Ghonemy entitled "A Study and Analysis of Farm Tenancy in Egypt." I recommend that it be accepted for nine quarter hours of credit in partial fulfillment of the requirements for the degree of Master of Science, with a major in Agricultural Economics.

Ernest J. Long  
Major Professor

We have read this thesis  
and recommend its acceptance:

Howard J. Bonser  
Wm. E. Coffey  
John L. Fischer

Accepted for the Council:

E. A. Watson  
Dean of the Graduate School

A STUDY AND ANALYSIS OF FARM TENANCY IN EGYPT

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A THESIS

Submitted to  
The Graduate Council  
of  
The University of Tennessee  
in  
Partial Fulfillment of the Requirements  
for the degree of  
Master of Science

---

by

Mohamad Riad Ghonemy

March 1951

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M. R. Ghonemy

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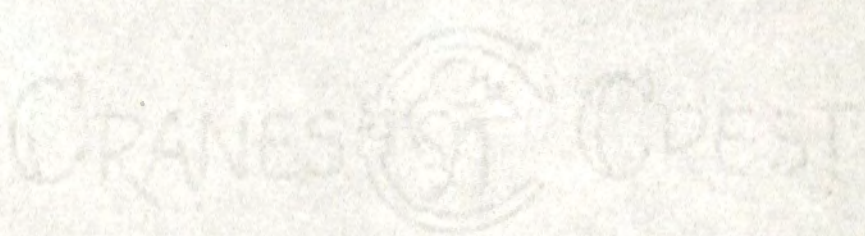
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## CHAPTER I

### THE PROBLEM

#### The Problem in Perspective

Farm tenancy is a serious social and economic problem in Egypt, a predominantly agricultural country where the economic activities, industrial and commercial, do not offer profitable alternative sources of employment for the labor force. The lack of large scale industry and extensive commercial activities which can absorb a considerable number of the rural population makes agriculture overcrowded in Egypt. "Population pressure on the land is itself one of the depressants of agricultural productivity. Rural overpopulation means rural under employment and inefficiency."<sup>1</sup>

Moreover, the excessive increase in population with a high density of rural population considered as the highest in the world, 1,422 to the square mile of cultivated land, has added to the number of landless, including tenants and farm laborers. Added to these factors is the limited cultivated area, which consists of a narrow strip of land along the two sides of the River Nile with a broad fan shape Delta, while the remaining 96.5 per cent of the country is

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<sup>1</sup>Conrad Tauber, "World Population Trends," Journal of Farm Economics, XXXI (February, 1949), 249.

desert land with a few scattered oases and lakes. This topography provides a highly inelastic supply of land. To make the problem clearer we may say that in the last fifty years, while the population increased 96 per cent, the cultivated land increased only 12.5 per cent. Even this limited cultivated area is concentrated in few hands, while the rest of the agricultural people are either landless or are owners of one acre or less of land, one acre and less. Most of these small landowners tend to increase the volume of their business and endeavor to support themselves by renting extra acreage and working as tenants.

The scarcity of available land, the high density of population in the rural area, the powerful position of landowners, and the high demand among tenants for a limited cultivated area, coupled with the keen competition among tenants, has resulted in a serious situation. The most important result is the very high level of annual rents which rose from L.E. 5.1<sup>2</sup> (\$20.40) per feddan<sup>3</sup> in the agricultural year 1932-33 to L.E. 23.3 (\$93.20) in 1947-48, and it jumped to L.E. 60.0-80.0 (\$240-\$320) in the areas adjacent to cities. This high level of annual rents exceeds the average

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<sup>2</sup>L.E. = the Egyptian pound = 100 piasters = 1000 milliems = 4 dollars in normal time; since the last devaluation in 1949 it equals \$2.80.

<sup>3</sup>The feddan is the Egyptian measurement of land area. It equals 1.038 acres.

sales value per acre of farm land in the United States.

Consequently, the Egyptian government has developed a tendency to intervene in order to regulate the relationship between landowners and tenants by law. The purpose of its policy is to fix land rents in order to give the tenants a fair share of the land income and to provide them adequate security against the absolute power and free rights of landowners. There is nothing at the present time to prevent these landowners from expelling their tenants or raising the rent as high as they wish, since others are willing to rent the land. The government feels, in light of its past experience, that the social structure in the rural life and the economic-social conditions of tenants are highly affected by the kind of relationship existing between them and landowners. In other words, as T. L. Smith says, "The social regulations regarding the use of land always constitute an important part of the culture pattern of any agricultural group."<sup>4</sup>

Meanwhile an active movement developed in opposition to governmental intervention which stressed the administrative difficulties involved and pointed out that such intervention would spoil the social and economic relationships between tenants and landowners. These persons also feared

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<sup>4</sup>T. L. Smith, The Sociology of Rural Life (New York: Harper and Brothers, 1940), p. 260.

that many of the landowners, because of such policy, would refuse to rent their land and would cultivate it either by themselves or for their own profit with hired laborers, thus adding more problems to the tenants and making the situation worse. Those opponents, most of whom are large landowners and members of the parliament, having high ascribed statuses in the Egyptian society coupled with high prestige, constitute a powerful group in the market of renting land. They have long exerted pressure on the government and parliament to prevent them from enacting suitable land and tenancy laws.

Dr. Ahmed Hussein Bey, the present Egyptian Secretary of State for Social Affairs, in his Arabic lecture given in the Third Agricultural Conference held at Cairo, March 1949, while he was Under Secretary of State, defended governmental intervention in the following language:

There is no reason, in my opinion, why the government should not extend to the land tenants the same protection as to the industrial workers and house tenants, especially since the parcel of land which the tenant holds is the source of his livelihood and that of his family. The government has fixed the minimum rate of wages for industrial workers, which is no longer left to the law of supply and demand. Another example is the law which fixes the maximum increase in the rent of houses over the agreed limit before the Second World War. This law does not allow the lessee to be expelled from his lodging which he occupies so long as he regularly pays his rent. The governmental intervention will not be an innovation because in many countries the relationship between land owners and their tenants

is regulated by law.<sup>5</sup>

In opposition to this statement, Mr. Shalaby Sarofeem Bey, one of the large landlords in Upper Egypt, said in that same conference:

It should be preferable and more secure to raise the tenants' standard of living by offering services to them, than by governmental intervention. In my opinion this intervention to fix land rents and regulate the relation between landowners and tenants by law is not a fair and safe solution to improve the present situation because of the continuous change in prices of crops.<sup>6</sup>

Mr. Aly Sheshiny Bey, the Representative of Mehalla Kubra in the Egyptian Parliament, and one of the large landlords in the Lower Egypt made the following statement:

I see, from the practical point of view, that it will be very difficult to carry out the law fixing land rents, because of the power which the landowners have over their tenants, and because of the administrative difficulties. I suggest that units be established in the rural area to improve the houses and living conditions of tenants. It will be much better to render social and economic services to tenants and their families and facilitate their needs, solve their problems, than to enact such a law.<sup>7</sup>

It is apparent that powerful forces and ideas are ranged on both sides of the farm tenancy problem. Both

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<sup>5</sup>The Report of the Third Agricultural Conference, Cairo, March 20 - April 8, 1949 (Cairo: Madkor Press (Arabic)), p. 134.

<sup>6</sup>Ibid., p. 147.

<sup>7</sup>The report of the committee set up in 1945 under the presidency of the Secretary of State for Social Affairs, to study the relationships between landowners and tenants. June 21, 1945 (Arabic).



advocates and opponents are trying to sway public opinion toward their line of reasoning, and both are attempting to carry out their plans. One is pointing out the shortcomings and disadvantages of the present situation and calling for legislation that will fix land rents and regulate the relations between landowners and tenants; the other is defending the present system and opposing these suggestions.

With all these facts in mind and in view of the far-reaching implications of the controversy, there is need for study and analysis of the basic issues involved in both sides of the problem.<sup>8</sup>

#### Purpose of the Study

The purpose of this study is therefore designed to answer the following questions:

1. Does the existing system of farm tenancy in Egypt give landowners an unfair advantage over tenants?

2. Which of the methods of farm tenancy is most equitable to the two parties, and on what basis can equitable rents be determined?

3. How are incomes and expenses shared between the landowner and tenant? Is the net return per acre less than

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<sup>8</sup>The idea and the arrangement of this section are taken from Evelyn Pope's "The Taxation of Cooperatives," Master's Thesis (Knoxville: University of Tennessee, 1946), p. 6.

the rent value or, in other words, do tenants actually lose from their lease? If they do lose, why do they continue to rent the land?

4. What kind of market position does tenancy in Egypt constitute? Is there a monopoly among landowners?

5. What are the economically and socially justifiable reasons of state control? What are the benefits and shortcomings?

6. In the case of governmental intervention, what should be the aims and the limitations of such intervention?

7. What will be the social and economic impact of the new law upon the present tenancy situation?

#### Scope of the Study

In studying the problem of tenancy in Egypt, we are analyzing the subject not purely from the economic or social or agricultural point of view, but from these angles together with special consideration and emphasis upon the economic side. Through the following chapters we are considering the broader aspects of farm tenancy in order to appraise the present landowner-tenant relationships and in order to discuss the human elements and economic factors to which it has been attributed. In short, the study proposes to describe the present tenancy situation and analyze the casual factors entering into the problem and to appraise the

merits of state intervention in order to show how and to what extent this policy might affect the alternatives and various conditions of tenants, and to what extent it will affect the future of the relationships between landowners and tenants. After outlining and analyzing the nature of the tenancy problem, the study will suggest procedures to be followed for the benefit of tenants. The study will also recommend certain improvements and necessary remedies shown by the study.

#### Sources of Data and Information

Before presenting the available sources of material and data used in this work, the writer would like to mention that the study of farm tenancy in Egypt is a rather new one; it was given the attention of agricultural economists and governmental personnel concerned only a few years ago. For this reason, some essential data and basic information concerning the various specific aspects of tenancy have not yet been organized and thus are not available. For example there are no data concerning the number of leases of different classes of tenants, such as cash renters, standing renters, share croppers, owner-tenants, and tenant-laborers. Another example concerns the age and numerical distribution of Egyptian farmers on the various rungs of the "agricultural ladder." We do not know either the proportion of tenants

who were laborers or what proportion of tenants become owners and vice versa. No data exist showing the shift of tenants from village to village, province to province, and from rural area to urban. There is not sufficient information about the number of leased farms or the size of areas operated by tenants. Also, there are no data concerning the trends in tenancy in the different years in the fifteen Egyptian provinces. There are neither books nor pamphlets designed especially to treat and study the specific subject of tenancy in Egypt. The Egyptian census of population and agriculture does not answer several basic questions concerning the character and extent of forms of tenancy.

The following are the available sources of data used in this study:

1. Data of land rent per feddan, costs of production, gross income and other agricultural-economic statistics, gathered by both the Ministry of Agriculture and the Ministry of Social Affairs, Egyptian Government, Cairo.
2. Annual statistics and census made by the Egyptian Department of Statistics, Ministry of Economics, Cairo.
3. Reports of Land Taxes Committees which were set up to reassess land tax and estimate land rent, Ministry of Finance, Cairo.
4. Reports and studies made by the Committee set up in the Ministry of Social Affairs, and the Committee of Labor and Social Welfare in the Egyptian Parliament,

regarding the suggested legislation for fixing land rents and organizing the landowners-tenants relationships.

5. Personal letters to the writer, answering some questions on the problem, sent by responsible personnel in the Egyptian government, the staff of Departments of Economics and Agricultural Economics, in the Egyptian universities and some of the Parliament members.

6. A small number of field studies made by the writer in different areas and on large estates.

7. Books, theses, pamphlets, articles, and lectures dealing with land tenure, farm tenancy, rural life, and economic analysis.

### Organization of the Study

Chapter I illustrates and formulates the problem in perspective and states the importance of the problem, the purpose and scope of the study, the available sources of data and information used, and the organization of the study.

Chapter II is devoted to the description and analysis of the present tenancy situation. It is divided into four parts: the background, including physical factors, land taxation, and crop rotation; the second part the presentation of various issues involved in the different schools of thought on tenancy; the third part devoted to the present

landowner-tenant relations; and the last part presents a brief description of tenant's life.

Chapter III discusses and analyses the demand and supply of land; the demographic analysis of population and land tenancy and types of market position, the agricultural ladder and alternatives for tenants, the gain or loss of tenants, and finally the effects of tenancy on soil conservation.

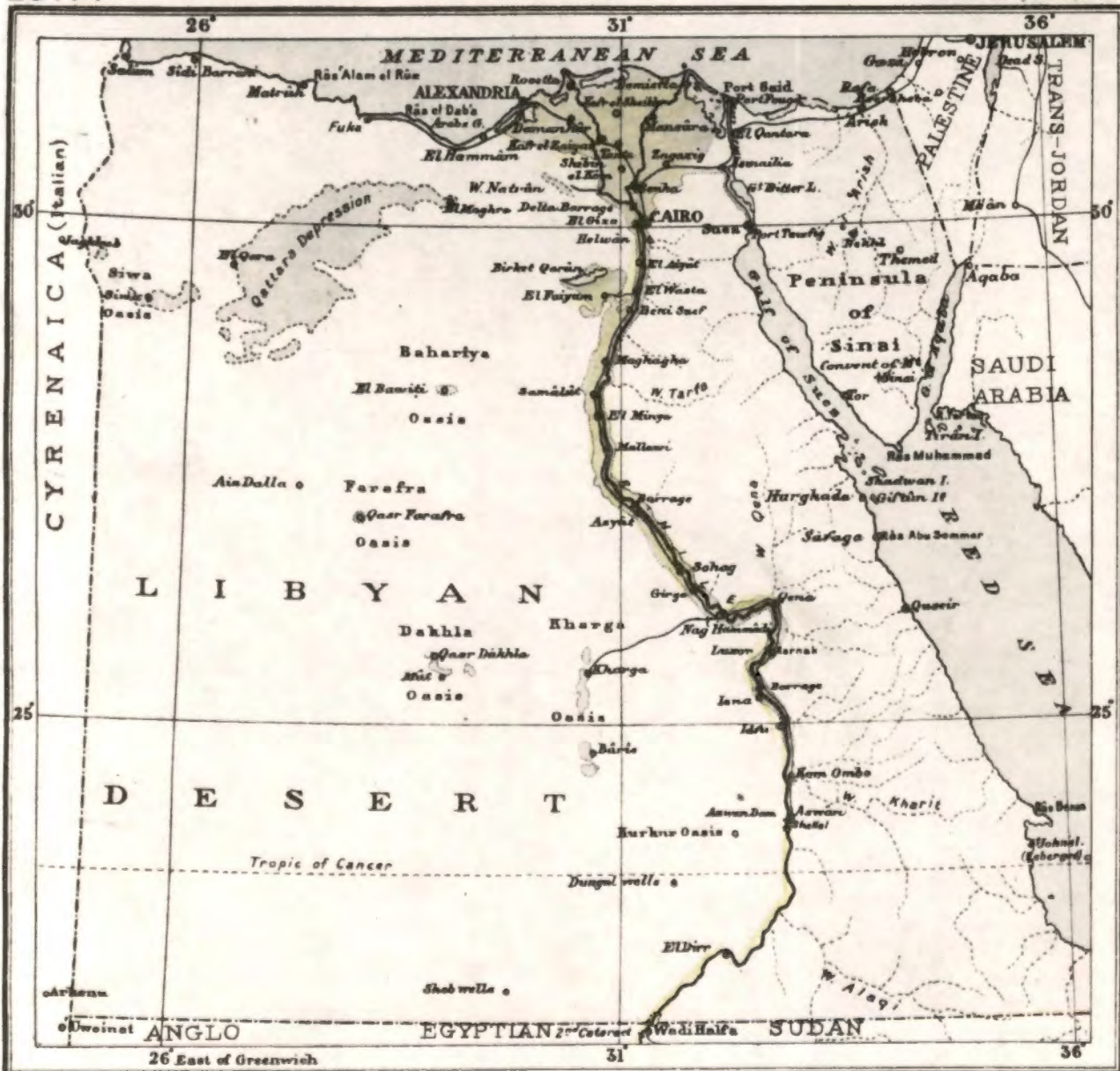
Chapter IV presents and analyzes the different viewpoints concerning governmental intervention; this includes public interest and laissez faire, the past policy of the government toward similar problems, a proposed tenancy program for Egypt, and finally the impact and socio-economic results of this policy.

Chapter V contains the summary and conclusions and recommendations suggested by the study.

FIGURE 1

EGYPT

Scale 1:7,500,000



Published by the Survey of Egypt 1835 (23/788)



Cultivated land   
 Land below sea level   
 Desert land

## CHAPTER II

### THE PRESENT TENANCY SITUATION

#### Background Study

In the preceding chapter the problem of farm tenancy in Egypt, its formulation, illustration, and importance were indicated. In order to understand the problem--its nature and the factors which have an impact, influence, and bearing on the subject--we provide in the following few pages a background which includes some important physical and related factors such as land taxation and crop rotation. These factors are significant because the economic conditions of tenants and the relationships that exist between them and landowners in Egypt, largely an agricultural country, are highly affected and directly influenced by them.

#### Physical Factors

As seen from the map on page 12 Egypt lies in the north east of Africa between the 22nd and 31st parallels of north latitude; thus its greater part lies outside the tropics. It is characterized by a warm and rainless climate. The temperature sometimes rises to 100° F. in summer and falls to 30° in winter, with an average of 50° in winter and 80° in summer. The hottest month in Egypt is usually the month of July; the coldest is January. Frost and



snow are very rarely seen in Egypt. The average humidity varies from 29° in Aswan to 62° in Cairo, the capital, and to 81° in the Delta. Egypt is considered a rainless country except for the northern part along the Mediterranean coast, where an average of eight inches annually is reported. The average rainfall of the whole country is only about 0.1 inches. The months of heaviest rainfall are December and January. Quite different from the United States, the months of May, June, July, and August are completely rainless. This means that rainfall in Egypt is of little economic value to farm tenants.

The wide range of temperature, the moderate average humidity, and the sunshine throughout the whole year enable the Egyptian tenants and landowners to grow a greater variety of products than any other similar area in the world. During the winter months, all the plants of the Mediterranean and warm regions are grown in Egypt, while in the summer the temperature is adapted to the growth of plants of the savana and monsoon. Wheat, corn, clover, cotton, sugarcane, rice, onion and beans are grown in the narrow lower Nile Valley and Delta, permitting Egypt to enjoy a unique position among agricultural countries.<sup>1</sup>

The 30th parallel of north latitude which passes a

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<sup>1</sup>Hussein K. Selim, Twenty Years of Agricultural Development in Egypt (1919 - 1939), (Cairo: Government Press, 1937), p. 3.

little to the south of Cairo, the capital, divides the productive area into two parts--lower Egypt to the north of Cairo and upper Egypt to the south. The Egyptian Census has divided the country into three main sections--Upper Egypt, Middle Egypt and Lower Egypt. These great sections are subdivided into fifteen provinces called Moderieh. As the country extends 650 miles from the north to the south, these physical conditions affect the economic interests of the farmers, their cultural patterns, and their outlook upon life.<sup>2</sup> Because of physical and cultural factors, rural Egypt is differentiated into distinct regions, each of which has uniformity in inhabitants, climatic conditions, social patterns, methods of tenancy, rates of land rent, and types of farming.

### Crop Rotation

Methods of renting land in Egypt and the leases existing among tenants and landowners are determined, in duration and amount of rent, according to the crop rotation. "Crop rotation in common terms means a proper classification of crops and systematic and regular change in the order of growing them."<sup>3</sup>

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<sup>2</sup>R. T. Ely and G. S. Wehrwein, Land Economics (New York: Macmillan Company, 1949), p. 44.

<sup>3</sup>Andrew Boss and George A. Pond, Modern Farm Management, Principles and Practice (Saint Paul: The Webb Publishing Company, Itasca Press, 1949), p. 133.

TABLE I

TREND IN CROP AREAS, 1935-1949<sup>a</sup>

| Seasonal Area                | Average Area |           |
|------------------------------|--------------|-----------|
|                              | 1935-1939    | 1948-1949 |
|                              | Feddans      | Feddans   |
| Winter season area (Shitwy)  | 3,965,593    | 4,427,112 |
| Summer season area (Sify)    | 2,586,985    | 2,953,111 |
| Flood season area (Nily)     | 1,665,255    | 1,700,816 |
| Fruits area                  | 63,588       | 84,235    |
| Total crop area <sup>b</sup> | 8,281,421    | 9,165,274 |
| Total cultivated area        | 5,300,000    | 5,822,000 |

<sup>a</sup>Source: Agricultural & Economics Statistics, Ministry of Agriculture, Department of Agricultural Economics, 1949, p. 11.

<sup>b</sup>Crop area indicates that area of crops, considering the feddan which has enough water to be cultivated twice a year, according to the rotation, as two feddans, in other words the crop area counts each feddan as the number of crops available in one year.

The extremely fertile and easily tilled soil, abundant water supply, and good climatic conditions, coupled with hard working tenants and farm laborers, are among the factors that made Egypt one of the earliest, if not the first, area in which crops were cultivated.<sup>4</sup> Tenants have used crop rotation for hundreds of years, with some variation according to their needs, experience, and landowners' restrictions.

In recent years governmental legislation for limitation of acreage has been an added factor in influencing crop rotations. Tenants usually use an old coptic calendar, the agricultural year starting with the month of Toot (October). This agricultural year is divided into three main seasons. November is roughly the month for starting land rents leases. It is the beginning of the winter season (Shitwey). The other two seasons are summer (Saify), and flood (Nily).

The winter crops are wheat, barseem (Egyptian clover), barley, beans, onions, and lentils. They are sown in November and harvested in April or May. Summer crops are grown from February until April. They include cotton, rice, sugar-cane, millet, and earthnuts (peanuts). Crops of the flood season, which falls in July and August, are corn (maize), nily rice, and vegetables.

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<sup>4</sup>Mamoun Abdel Salam, An Outline of the History of Agriculture in Egypt, 2nd edition (Cairo: Government Press, 1948), p. 2.

Since the introduction of cotton and of perennial irrigation in about 1815, the tenants have been encouraged to rent land and work through the whole year, having no period for rest. Landowners and tenants prefer to cultivate cotton rather than grow other crops, because it is usually the only profitable cash crop. Cotton, however, is a high risk crop because of price uncertainties resulting from the domination of cotton upon the national income and because cotton marketing depends largely on export trade which is concentrated in the hands of a few English companies and other foreign merchants. From the viewpoint of landowners, cotton is considered as collateral to secure land rent, since it cannot be consumed by tenants and their families. From the social point of view, cotton provides labor to agricultural workers and small tenants because 50 per cent or more of its total cost of production is paid as wages.

Corn (maize) is the most important crop for the tenant farmer, as it furnishes him with bread. Covering about a million and a half feddans, Durah, as corn is called in Egypt, is grown over all the country except the southern provinces, where millet (Durah Rafia) is sown. Corn is considered the crop belonging to the tenants, the landowners usually allowing them to keep it for their own food.

Tenants do not waste anything from the corn crop. The grain or the ears is stored in their homes, and the stalks are used either as fuel or as covering for the roofs

TABLE II

MAJOR CROPS OF EGYPT: ACREAGE, PRODUCTION, AND  
AVERAGE YIELD, 1947-1948<sup>a</sup>

| Crop      | Feddans   | Production           |                       | Unit <sup>c</sup> |
|-----------|-----------|----------------------|-----------------------|-------------------|
|           |           | Total<br>(Thousands) | Average<br>per Feddan |                   |
| Cotton    | 1,440,809 | 8,584                | 5.96                  | Kentar            |
| Corn      | 1,551,358 | 10,066               | 6.49                  | Ardab             |
| Millet    | 525,067   | 3,989                | 7.60                  | Ardab             |
| Rice      | 785,724   | 1,384                | 1.76                  | Dariba            |
| Wheat     | 1,515,753 | 7,203                | 4.75                  | Ardab             |
| Lentil    | 72,952    | 307                  | 4.20                  | Ardab             |
| Beans     | 397,779   | 1,852                | 4.66                  | Ardab             |
| Barley    | 220,075   | 1,387                | 6.30                  | Ardab             |
| Sugarcane | 90,415    | 58,500 <sup>b</sup>  | 6.50 <sup>b</sup>     | Kentar            |
| Fenugreek | 63,648    | 247                  | 3.88                  | Kentar            |
| Onions    | 32,866    | 4,698                | 143.00                | Kentar            |
| Sesame    | 43,789    | 117                  | 2.68                  | Ardab             |
| Peanuts   | 23,114    | 240                  | 10.42                 | Ardab             |
| Lupins    | 13,267    | 51                   | 3.82                  | Ardab             |
| Chickpeas | 16,859    | 72                   | 4.27                  | Ardab             |
| Linen     | 21,540    | 945                  | 44.00                 | Kentar            |

<sup>a</sup>Source: Agricultural and Economics Statistics  
(Cairo: Ministry of Agriculture, 1949), pp. 12-16.

<sup>b</sup>Estimated.

<sup>c</sup>Dariba = 2170 lbs.

Kentar = 315 lbs. (cotton) and 100 lbs. (onion and  
sugar cane)

Ardab = 5.44 bushels

Feddan = 1.038 acres

(Clover is not indicated because of its variation in  
number of cuttings and duration.)

of their houses. Because of its importance as a food for tenants and other poorer farm workers, the Egyptian government has fixed the prices of corn. With corn, tenants buy, through exchange, most of their common needs from the village market. They also pay the annual wages of the village carpenter and barber in corn at the harvest time.

Finally, it should be mentioned that most tenants plant a narrow strip or a corner of their fields with vegetables, such as okra, onion, pepper, cucumber and radish for their own use.

One more point related to crop rotation is that there is no specialization among tenants. The tenant is still a "Jack of all trades" and can grow any kind of crop. This situation exists for two reasons: first, the governmental policy toward "self-sufficiency"--the production of all needed crops for the supply of all the country's population; second, the lack of mechanization of agriculture to meet large scale production.

#### Land Taxation

The most important subject related directly to farm tenancy in Egypt is land taxation. Land is taxed on the basis of its rental value instead of the value of land itself, as is done in the United States. Land taxation is one means by which the government can control and regulate the use of land, and modify the rights of man in land. The

government has the power to change private to public property and to use taxation to secure this end.<sup>5</sup> "Taxes levied on property are charges that must be paid if owners are to maintain title in their property."<sup>6</sup> Land taxation, probably the oldest form of taxation, was first known in Ancient Egypt.<sup>7</sup>

In 641 A.D. the Arabs introduced an organized system of land taxation based on the yield of land named Kharag. Cultivated land in Egypt was divided for the first time in 1892 into sections--assessment districts of about 50-100 feddans of equal value and quality and given equal taxable value. In 1899 the Egyptian government inaugurated a system for using the rental value to establish a general rate of taxation, which was fixed for thirty years as 28.6 per cent of the land rent. The rental value was based largely on the degree of production of the soil and on the market. Such factors as content of salt, water, and distance from irrigation supply were also important. But whereas in the United States the revenue is used as the basis of assessment, in Egypt the cadaster is designed to estimate the average yield

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<sup>5</sup>Wehrwein, op. cit., p. 111.

<sup>6</sup>Roland R. Renne, Land Economics (New York: Harper and Brothers, 1947), p. 563.

<sup>7</sup>"Land Taxation," Encyclopedia of the Social Sciences, IX, 70.



of a piece of land.<sup>8</sup> "Kendrick points out certain inequalities resulting from using capital values as a basis of assessment and suggests that assessment on the basis of the net rental of the land is the only solution that even borders on completeness, using net rental to mean the current net annual market rental. If the property is not leased, this becomes estimated net rental."<sup>9</sup>

The reason for using rental value in Egypt as the basis of assessment is the predominance of tenant farming where the determination of yield is simplified by using farm rentals as cadaster values.

In 1937 the cadaster made again in Egypt by the taxation committees and the new land tax was fixed at 16 per cent of the rental value of the land according to estimates made throughout the country based on the average rents for the previous ten years. The rate of taxation varied between 14 and 164 piasters (\$.50-\$6.40) per feddan. As indicated in the attached table, these committees, set up again in 1947 to reassess land taxes, terminated their work in 1949. Their report shows that the total rent of cultivated land in Egypt is L.E. 109,934,274 with an average of L.E. 18.34 per

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<sup>8</sup>Ibid., p. 71.

<sup>9</sup>M. Slade Kendrick, Taxation Issues (Harper, 1933), p. 72. Quoted from Renne, op. cit., p. 565.

TABLE III

RATES OF LAND TAX AND RENTAL VALUE  
IN THE YEARS 1907, 1937, 1947<sup>a</sup>

|   | Year       |            |                    |
|---|------------|------------|--------------------|
|   | 1907       | 1937       | 1947               |
| Cultivated areas in<br>thousand feddans   | 5,300      | 5,288      | 5,963              |
| Total estimated rental<br>value in L.E.   | 16,365,000 | 33,610,000 | 109,934,274        |
| Average rent per<br>feddan L.E.           | 3.59       | 5.71       | 18.34              |
| Percentage of land tax<br>to rental value | 28.6%      | 16.0%      | 14.0% <sup>b</sup> |
| Average land tax per<br>feddan L.E.       | 1.02       | 0.91       | 1.28               |
| ⌘   | 4.08       | 3.64       | 5.12               |

<sup>a</sup>Computed by the writer from unpublished reports of Committees of Land Tax (Cairo: Ministry of Finance).

<sup>b</sup>This percentage is out of the half value of the estimated rent.

feddan per annum. The tax was fixed at 14 per cent.<sup>10</sup> The land tax is paid by owners, unless there is an agreement between them and their tenants in the lease. It is collected by the "Sarraf" who shows leniency to large landowners and harshness to the small. The property of mayors of villages and governmental land for public utilities and agriculture are exempted from land tax.

In 1942 the government offered relief to small landowners who were assessed up to L.E. 1 (\$4.00) by exempting them from land tax, while in 1944 a substantial remission, 20-60 per cent, was extended to those who were taxed up to L.E. 10 (\$40.00). It is clear that the land tax in Egypt does not affect the large landowners' incomes because of its small proportion to their excessive net returns. In order to make land tax in Egypt an effective means of social security the system should be modified by imposing the progressive land tax to reduce a considerable portion of large landowners' income and by using it specifically for the social and economic welfare of tenants and farm laborers. This new kind of land tax would aid greatly in limiting the extension of large estates in Egypt.

#### Definition and Schools of Thought on Tenancy

It is the purpose of this part of the study to make a theoretical approach to the subject by defining farm tenancy

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<sup>10</sup>Unpublished report of the committees which were set up in 1946 to reassess land tax in Egypt (Arabic) (Cairo: Ministry of Finance, Egyptian Government).

as distinguished from other forms of agricultural land tenure, to consider the landowner and the tenant as two parties in utilizing a productive unit, and to present a brief explanation of various issues involved in the different schools of thoughts on tenancy from the socio-economic standpoint.

### Farm Tenancy Defined

1. "Farm tenancy refers to the status of the farmer who hires the land which he operates, giving for the use of the land either a stated fraction of the crops, a fixed money rental or sometimes a combination of the two."<sup>11</sup>
2. From the economic point of view, farm tenancy is defined as a division of production factors between two parties in utilizing a productive unit, the owner supplying land plus fixed capital and the tenant providing operating capital, management and labor.<sup>12</sup>
3. Another economist, A. W. Ashby, describes tenancy as follows: "Farm tenancy is one form of division of function in agriculture. . . . It is merely beneficial occupation and use of land without possession."<sup>13</sup>

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<sup>11</sup>Leon E. Truesdell, Encyclopedia of the Social Sciences, VI, 122.

<sup>12</sup>Karl Brandt, "Farm Tenancy Research," Journal of Farm Economics, XXIII (February, 1941), 307.

<sup>13</sup>A. W. Ashby, Encyclopedia of the Social Sciences, VI, 118.

4. Lastly Renne says,

Tenancy is a much more limited term than tenure and refers to the occupier's or land operator's practice of renting the land from other individuals (known as "landlords") who own it. Thus, tenancy is merely one phase of the general field of land tenure, dealing with the splitting of rights between owner and occupier.<sup>14</sup>

Many causes are responsible for the existence of farm tenancy in any agricultural country. The most important of these are the inability or unwillingness of landowners to cultivate their land, and the desire of tenants to cultivate land as an occupation rather than to work as hired laborers. High tenancy is also a remnant of feudalism of the past century in Egypt.

In the landlord-tenant relationship, the tenant is one who, not being the owner, occupies real property under consent of the owner and in subordination to the owner's title but is entitled to exclusive possession, use and enjoyment, usually in consideration of payment of rent as specified in the lease.<sup>15</sup>

The economic position and social status of tenants have varied from country to country and from time to time according to their personal or social background, the degree of independence given them by their leases, as well as by the size and productivity of their rented holdings with resultant variations in their incomes.<sup>16</sup>

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<sup>14</sup>Renne, op. cit., p. 429.

<sup>15</sup>Glenn G. Mann, Encyclopedia of Banking and Finance, 5th ed. (Cambridge, Mass., 1949), p. 666.

<sup>16</sup>Ashby, op. cit., p. 119.

### Viewpoints on Tenancy

Farm tenancy has bad features as well as good. It is not a new subject for discussion, but the interest in its economic consequences and social implications is new. In order to present the different viewpoints on tenancy it is necessary to consider the various issues involved.

Farm tenancy is condemned by some of the sociologists who believe that the best, or most profitable, the most secure and most stable type of land tenure is that of owner-operator. Tenancy is considered by them as the basic factor responsible for the existence of tenants in an inferior status and unfavorable conditions. T. L. Smith says,

The word tenant has been used to dramatize the plight of unprivileged farm classes. To keep the record straight it should be pointed out that many of the ills ordinarily attributed to tenancy are in reality the results of large-scale agriculture, the concentration of land ownership, and management and not the mode of leasing lands.<sup>17</sup>

Another rural sociologist in criticizing farm tenancy states, "About farm tenancy centers not one social problem but a whole complex of them. In fact tenancy has a bearing on almost every problem that the farm community experiences; it bears directly on the functioning of all rural social institutions and plays a vital part in many economic

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<sup>17</sup>T. Lynn Smith, The Sociology of Rural Life, 1st ed. (New York: Harper and Brothers, 1940), p. 275.

considerations."<sup>18</sup> The third argument against tenancy was made by Arthur Young who once said, in essence, "Give a man a barren piece of soil in private ownership and he will convert it into a garden; but give him nine years lease on a garden and he will convert it into a desert."<sup>19</sup>

But there are those, most of whom are agricultural economists, who believe that the right type of tenancy is a useful and important institution in many ways and that the unfavorable aspects of tenancy, revealed by landlord-tenant relationships, should not be considered as a blanket condemnation.<sup>20</sup> From the point of view of effective use of capital and labor Ashby says, "Tenancy has provided useful systems of division of function in the supply of capital, of management and of labor and under some circumstances has led to have been secured under any other system."<sup>21</sup>

It is apparent that farm tenancy has as strong advocates as it has opponents. It is not a pathological form of land tenure. It has advantages and disadvantages. Some of its features are desirable and others are undesirable. At

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<sup>18</sup>Paul H. Landis, Rural Life in Process, 2nd ed. (New York: McGraw-Hill Book Company, Inc., 1948), p. 415.

<sup>19</sup>This statement is quoted from Ely and Wehrwein, Land Economics, 6th ed. (New York: The Macmillan Co., 1949), p. v.

<sup>20</sup>Renne, op. cit., pp. 452-453.

<sup>21</sup>Ashby, op. cit., p. 122.

its best, it provides a fairly good kind of livelihood; at its worst it creates many underprivileged persons and undesirable social situations.

## Present Landowner-Tenant Relations

### General Considerations

It has been indicated in the first chapter that landowner-tenant relationships in Egypt constitute a serious problem which is becoming extensive. In order to make this statement clear, this part of the chapter is concerned with the explanation and analysis of these relations. This includes the extent of tenancy, the methods of renting land, and the lease.

In Table IV the numbers of tenants seems very small and does not give the true picture because of the overlap between landowners operating their land and the tenants and farm laborers. The reason is that whether a man owns either a half a feddan or thousand feddans he is considered in the eyes of the Egyptian census as a landowner. Another reason can be added, that some of the Egyptian tenants are not all full tenants, being part owners, that is, farmers who own part and rent part of the land they operate. This kind of tenant is considered as a landowner. To make it clear, most of the landowners who own less than five feddans lease extra land to increase their income and to meet their families



TABLE IV

POPULATION OF EGYPT WITH OCCUPATIONAL STATUS  
IN AGRICULTURE, 1937<sup>a</sup>

| Occupation   | Population           |                                    |
|--|----------------------|------------------------------------|
|  | Total<br>Number      | Occupational<br>Status<br>Per Cent |
| Wage earners   | 1,457,267            |                                    |
| Unpaid peasants helping<br>their relatives             | 1,226,887            |                                    |
| Farmers operating their own land                       | 959,975              |                                    |
| Farmers operating their rented<br>land                 | 210,385              |                                    |
| Shepherds, poultry and animal<br>breeders              | 78,696               |                                    |
| Operators working in fruit farms<br>and gardens        | 10,780               |                                    |
|  | <u>Total males</u>   | <u>50.8</u>                        |
|  | <u>Total females</u> | <u>9.2</u>                         |
| Grand total with agricultural<br>occupations           | 4,647,111            | 60.0                               |
| Population working in non-<br>agricultural occupations | 3,113,944            | 40.0                               |
| Total population with occu-<br>pational status         | 7,761,055            | 100.0                              |
| <hr/>  |                      |                                    |
| Total population of Egypt (1937)                       | 15,932,694           |                                    |

<sup>a</sup>Computed and compiled from the tables of Annuaire Statistique de Poche (Cairo: Department of Census, Egyptian Ministry of Economics, 1947), pp. 16-21.

needs. They operate this rented area as tenants, and most small tenants who rent less than five feddans work as hired farm laborers. In 1945 the total number of landowners who owned less than five feddans was 2,446,953 or 93.9 per cent of the total landowners as the following table shows:<sup>24</sup>

| <u>Size of Ownership</u>                                   | <u>Landowners</u> |
|--|-------------------|
| Under 0.5 feddan   | 1,303,349         |
| 0.5 - 0.9 "  | 490,863           |
| 1.0 - 1.9 "  | 338,959           |
| 2.0 - 4.9 "  | <u>263,782</u>    |
| Total number of landowners who owned less than five feddan | 2,446,953         |
| Total number of landowners who owned five feddans and more | <u>158,964</u>    |
| Grand total of landowners                                  | 2,605,917         |

Because of this duplication and overlapping among farm people the Egyptian census does not show the accurate number of tenants. Roughly they can be estimated as three million tenants.

Tenancy in Egypt is becoming increasingly extensive. The rented area has increased three times since 1939, and four times since 1929, according to the data of the Egyptian Ministry of Agriculture and the International Institute of Agriculture. In the year 1948-49 tenants operated 3,610,000

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<sup>24</sup>Annuaire Statistique de Poche (Cairo: Department of Statistics and Census, Egyptian Government, 1947), pp. 120-127.

TABLE V

THE INCREASE IN CULTIVATED AND RENTED AREAS DURING  
THE LAST DECADE 1938-1939 AND 1948-1949<sup>a</sup>

|   | 1938-1939 | 1948-1949 |
|---|-----------|-----------|
| Cultivated area                           | 5,330,000 | 5,947,000 |
| Rented area                               | 1,286,411 | 3,610,622 |
| Percentage of rented area                 | 24.1%     | 60.7%     |
| Percentage of increase in rented area     | -         | 179%      |
| Percentage of increase in cultivated area | -         | 11.5%     |

<sup>a</sup>Computed by the writer from the Agricultural Census 1939 and the Bulletin No. 6, October 1949 (Cairo: Department of Agricultural Economics, Ministry of Agriculture, 1949).

feddans<sup>25</sup> or 61 per cent of the total cultivated area, while it was 24 per cent in 1939 and only 14.4 per cent in 1929.<sup>26</sup> (See Figure 2)

### Methods of Renting Land

There are many variations in systems of renting land in Egypt. Some of these differences are due to such factors as type of farming, crop rotation, fertility of soil, irrigation system and personal conditions of the owner, including his ability for supervision. Most of the differences, however, are due to prevailing traditions of social relationships existing between landowners and tenants in the district.

Methods of renting land can be divided into two principal types and four sub-types according to significant similarities as presented in the following:

1. Fixed rent
  - a. cash rent
  - b. standing rent
2. Rent as a share of crop produced
  - a. Share rent
  - b. Share cropping

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<sup>25</sup>Monthly Agricultural Bulletin (Cairo: Department of Agricultural Economics and Statistics, Ministry of Agriculture, October 1949), Arabic, p. 16.

<sup>26</sup>First World Agricultural Census, 1929, Bulletin No. 34, Egypt (Rome: The International Institute of Agriculture, 1937).

FIGURE 2

THE EXPANSION IN TENANCY

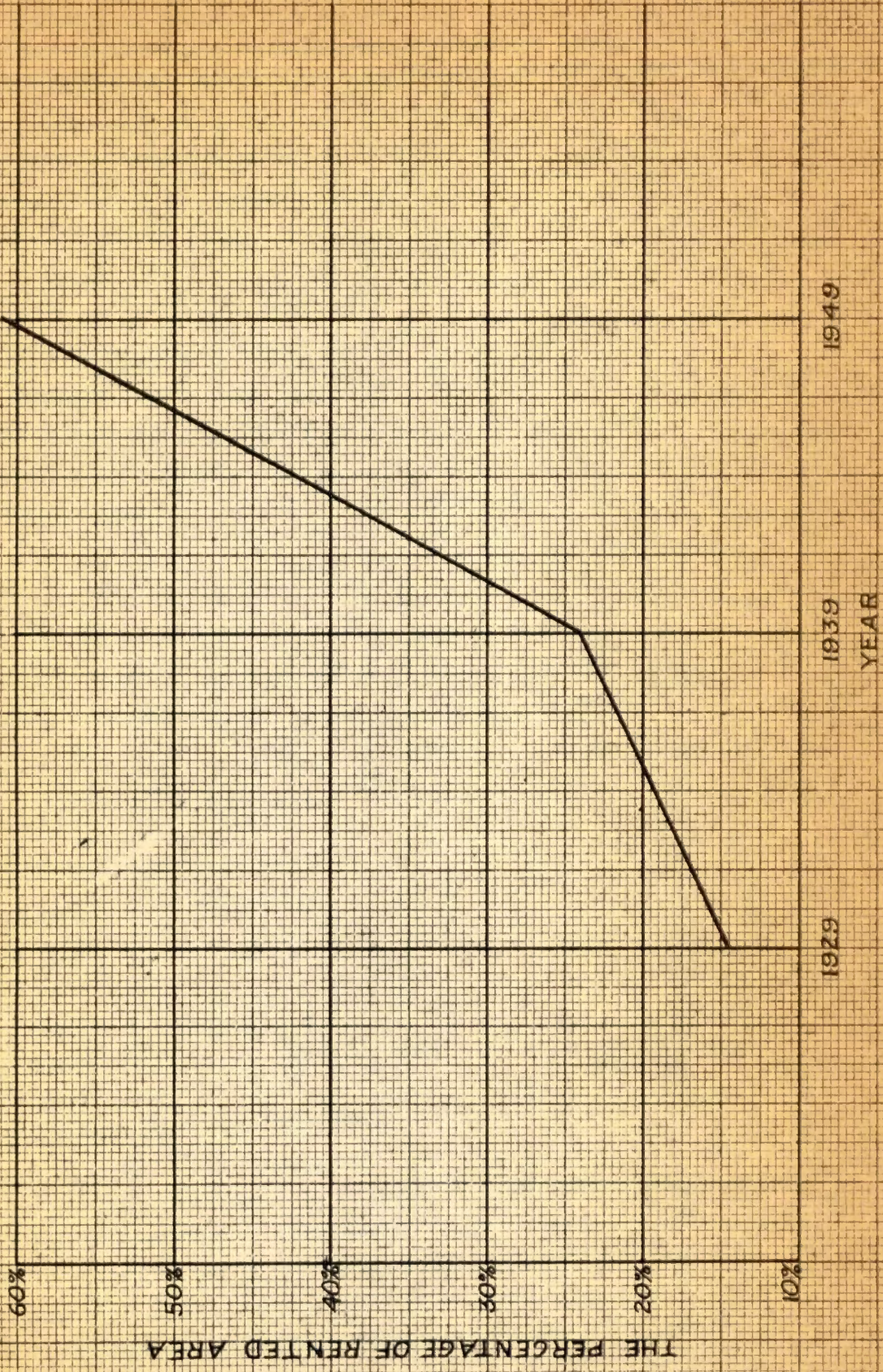


TABLE VI

DISTRIBUTION OF RENTED AREA IN EGYPT  
BY PROVINCES, 1948-1949<sup>a</sup>

| Province  | Cultivated Area | Rented Area | Percentage of Rented Area |
|-----------|-----------------|-------------|---------------------------|
|           | Feddans         | Feddans     | Per Cent                  |
| Behera    | 737,359         | 458,837     | 62                        |
| Garbia )  | 1,093,104       | 685,157     | 63                        |
| Foudia )  |                 |             |                           |
| Dakahlia  | 552,073         | 347,383     | 63                        |
| Sharkia   | 602,959         | 415,255     | 70                        |
| Kaliabia  | 197,789         | 109,992     | 59                        |
| Menufia   | 347,244         | 132,991     | 39                        |
| Giza      | 182,899         | 102,386     | 59                        |
| Beny Suif | 233,781         | 148,267     | 63                        |
| Fayoom    | 329,081         | 225,879     | 69                        |
| Menia     | 436,981         | 256,025     | 58                        |
| Assiot    | 443,135         | 262,671     | 60                        |
| Girga     | 318,641         | 188,253     | 58                        |
| Qina      | 384,573         | 221,552     | 59                        |
| Asswan    | 87,087          | 55,974      | 65                        |

<sup>a</sup>Source: The Monthly Bulletin (Department of Agricultural Economics and Statistics, Ministry of Agriculture, Cairo, October 1949), p. 16.

3. Combination of both fixed and share rent.

Cash rent. The most widespread way of renting in Egypt is for cash rent. According to the date of Ministry of Agriculture about 60 per cent of the total rented area is operated by this method. The tenant pays the owner a fixed sum of cash money for the use of the land during a limited period, usually one year. This method is used mostly in renting land of large estates owned by the government, agricultural corporations, business men, and other large absentee landowners who live in Cairo and other cities. The tenants pay the rent in different ways; the most common are the lump-sum payment and payment by installment.

The lump-sum payment calls for the payment of the entire rent at the end of the term, usually in October in regions of cotton and rice, and in January in regions of sugar-cane. This method carries high risk for the tenant as he alone assumes all risk of price decline, crop failure, and weather hazards. The installment plan calls for the payment of rent through a series of partial payments during the whole year. Although there are countless varieties of this method, the main types found in Egypt among tenants are through either two or three unequal installments.

A. In the first type, one third of the rent is paid in June from the winter crops (wheat, beans, barley), and the rest is paid in October out of the value of cotton, rice and corn.

B. In the second type, the rent is paid by one of the following systems:

1. One-sixth of the rent is paid during the winter from the barseem (Egyptian clover), another sixth in June out of the winter crops, and the remaining two-thirds is paid in October from cotton.
2. One-third is paid in February from the barseem, one-third in June from winter crops, and the remaining third in October from the cotton or corn crop. This method of payment is commonly used around Cairo and other large cities where barseem is sold in the cities at a high price and where livestock farms exist.
3. One-fourth of the rent is paid out of winter crops and three-fourths from the cotton or corn crop.

In appraising this cash rent method of renting, it is seen to have two advantages. The first is that any increase of the crop resulting from the tenant's effort and his efficient management will be to his profit, while a decrease in crop returns through the tenant's neglect will result in a loss to him. The other advantage is that the tenant is free in making his decisions in farming the land. No doubt this system of tenancy is a stimulus to hard work and good management. Its disadvantage lies in that all of the high risk of natural hazards and price decline is shifted on the tenant.



Standing rent. Under this system the tenant offers a fixed amount of one or more crops' units, such as a given number of Kentars of cotton and of sugar-cane or Ardabs of wheat, corn, barley, or daribas of rice.<sup>27</sup> The actual price of the crops offered are considered rent. The landowner gets the same amount of crops, whether the crop is large or small, and without taking into consideration any of the natural hazards such as flood, drouth, disease which may damage the crops or livestock, or the tenant himself and his family. The owner assumes only the risk of price decline, and he is relieved also of much of the farm supervision and risk of poor management and unfavorable seasons. One of the outstanding advantages of this method is that it encourages the tenant to do his best to get the maximum production out of the rented parcel of land. On the other hand, the tenant is trying to exploit the fertility of land as thoroughly as he can. He has no incentive to carry out soil improvements; thus the soil is likely to be exhausted at the end of his lease.

This method of renting is prevalent in regions where the soil is rich, especially in Menofia province at Delta. In other parts of the Delta, as in Kaliobia and Fouadia, the

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<sup>27</sup>Kentar = 100 lbs. of ginned cotton or sugar cane  
 Ardab = 5.44 bushels  
 Dariba = 945 kgs.  
 = 2170 lbs.

tenant is bound to offer 2-3 Kantars (630-945 lbs.) of un-ginned cotton even if he does not cultivate cotton. In many cases the tenant buys this amount to offer as rent. The average standing rent is 3 Ardabs wheat (16.32 bushels)

3 Kantar un-ginned cotton (945 lbs.)

400 Kantar sugar-cane (40,000 lbs.)

1 Dariba rice (2170 lbs.)

In some areas, as in Menia, the standing rent has risen to 4 Kantar cotton and 500 Kantar sugar-cane. In general, these amounts of standing rent are fixed according to the fertility of the soil and the degree of demand for renting.

Share rent. In this kind of renting, the tenant is bound to offer a specified share of a certain crop to the landowner. It is prevalent among small tenants who are not able to pay all the costs of production. The landowners pay a share of certain expenses such as seed and fertilizer. The fixed share of crop given to the two parties usually varies according to land productivity, density of population, and competition among tenants. The methods of share rent used by landowners and tenants in Egypt are as follows:

1. The owner furnishes seed and fertilizer, and the tenant gets one-fifth of the crop produced, the owner receiving the other four-fifths.

2. The tenant furnishes everything and gets one-third of the crop, while the owner takes two-thirds.

3. The produced crop is divided into two equal

shares between the owner and the tenant, the latter furnishing all expenses including the land tax.

In appraisal of the method of share rent, its advantage is that the risk of both production and price of crops is divided between the owner and the tenant. For this reason the owner is always willing to take care of his land and make permanent improvements. On the other hand its disadvantage is the lack of trust and confidence between tenants and owners, who are usually suspicious that the tenants will not give them their full share of the crop; consequently the owners make some arrangements such as custody which add more expenses. Moreover, share rent does not encourage tenants to get maximum production.

Share cropping. Hired farm laborers instead of receiving cash wages from landowners work--especially on large farms--as share croppers on a small piece of land about five feddans or less. The share cropper is in reality a laborer paid in kind. Usually the landowner provides the land and permanent equipment such as seed, fertilizer, and livestock, while the share cropper provides only his labor. Usually the tenant's share is one-fifth or one-sixth of the crop produced, according to soil fertility, kinds of crops, and the degree of congestion in the district.

In this system of renting, both the owner and the tenant share all the risks of production and management. It guarantees the owner a maximum of work and security of

tenure for at least one year. It is distinguished from other methods by the interest of the tenant in the land and the interest of the owner in the labor of the cropper. The owner gives him orders and supervises his daily activities closely. Other methods have the advantage of giving definite rights to tenants which are protected either by the lease or prevailing customs and often both.

Sometimes the tenant needs more personal funds for unexpected events as diseases or death in his family and borrows from his landowner. Such loans with their interest are deducted at the end of the year from the tenant's share. In many cases his loans exceed his share of the season's crops, and thus he does not receive anything, and, in addition, his work will be pledged for the following year. As a matter of fact, most of the share croppers in Egypt are closely supervised and are dependent upon landowners who exploit them and keep them in constant debt.

Share-cash rent. This system is a combination of cash rent and share rent and is used principally in Dakhalia province, especially among small tenants. According to this method, the cash rent is fixed at one pound (\$4.00) less than the prevalent value in the area. The owner supplies his tenant with seed and pays the tax. At harvest time the owner takes his share out of the crop produced, including the amount of seed he has offered before and the cash rental value. The rest of the crop proceeds are divided, after

that, into two equal shares between the two parties. In some cases the tenant offers the landowner half a kantar of cotton or one ardab of grain plus the cash rent out of each rented feddan. The owner considers this amount of the crop produced as a kind of assurance and security for the cash rent. If the tenant defaults, the whole crop produced is taken by the owner and sold at any price without any consideration of the tenant's benefit. The owner deducts his share and then gives the rest to the tenant. This system is usually used between large tenants who work as middlemen and small tenants.

#### The Equitable Method

The preceding presentation and analysis may bring to mind this question: "Which of these methods is more equitable to the two parties?" To answer this question we cannot exercise any sound judgment unless we have in our minds the following considerations.

1. Whether the specific method is equitable depends greatly upon these factors:
  - (a) The value of amount of rent, whether it is in cash or kind.
  - (b) The distribution of costs of production between the owner and the tenant according to the share of the capital used by each of them, the furnished equipment and the degree of risk that each assumes.

- (c) The fertility of the soil and productivity of land, since one feddan may produce two kentars of cotton while another produces six kentars.
  - (d) The method of irrigation, whether it is perennial or basin, coupled with crop rotation, since the tenant can cultivate two or three crops on the same land during the year with perennial irrigation, while he cannot cultivate more than one crop in basin irrigation areas.
  - (e) The kind of crop sown, whether it is cotton, sugar-cane, wheat, corn, etc. To make it clear it can be said roughly that a rented feddan produces five kentars of cotton with a value of L.E. 75 (L.E. 15 per kantar) plus one cutting barseem having a value of L.E. 7. This same feddan can produce in the same time five ardabs wheat plus five ardabs corn with a value of about L.E. 30 (L.E. 3 per ardab). If costs of production in both cases are assumed to be the same, the feddan yields roughly L.E. 82 in the first cases and only L.E. 30 in the second.
2. The personal conditions and capacity of the tenants vary; a tenant who can furnish labor, seed, fertilizer, livestock and implements prefers cash rent, while another who is unable to offer this equipment and can furnish only his labor would prefer share cropping.

3. The value of farm land per feddan varies widely through the country. Although it is L.E. 100 (\$400) in the northern part of the Delta and in Fayaum province, it is L.E. 600 (\$2,400) in Giza and Minia provinces.
4. Lastly, the customs and old traditions that prevail throughout different parts of the country guide the two parties in determining the type of renting land and system of rent payment. These traditions dominate the mode of tenants' thinking to the extent that they are not disposed to change the method they have practiced for hundreds of years, for another method, even though the new one is more profitable.

Having all these facts in mind, assume that a tenant has the choice to lease a feddan of cotton either at a standing rent of three kantar or at cash rent of L.E. 30. If it is assumed also that this feddan produces five kentars and the kantar price is L.E. 15, it will be more beneficial to the tenant to lease at cash rent because he will take three kentars of L.E. 45 after paying L.E. 30 as a rent which is the value of two kentars, while he will have two kentars of L.E. 30 left for him after offering three kentars as a standing rent. Another example of a tenant who has the choice between leasing a feddan at a standing rent of three kentars or another feddan at one kantar. It is apparent that the first feddan is very high in rent and is three times as valuable as the cheaper one. But, if it is known

that the first feddan yields six kentars and the second produces only two kentars, naturally the tenant will prefer to lease at three kentars and have three kentars left to him, instead of leasing at two kentars and having only one.

It is, therefore, not a question of whether the method is good or bad in itself, but whether it will give the tenant a share that covers his labor, his assuming risks, his management, the value of equipment he furnishes, and finally his profit. Moreover the desirable approach to renting land calls for the residence of the owner, on or near his farm, in close touch with the tenant because absentee landownership is very general in Egypt and it is seriously affecting the socio-economic aspects of rural life. In general, it can be said that share rent is more equitable than others for the following reasons:

1. It suits the majority of the poor tenants who are not able to pay all the costs of production.

2. It is the only method in which the risk of both production, especially cotton pests, Nile flood, and price decline that always threaten Egyptian tenants, is divided between the owner and the tenant.

3. The owner has a high degree of property interest in his rented land, and thus he is willing to stay on the farm and make the needed improvements.

4. The percentage of divided share is not affected greatly by the high demand among tenants and does not vary



widely as the cash or standing rent does.

Warren said in this respect that if the landlord has time to look after the farm and knows how to farm, it is better to lease the land on share-rent.<sup>28</sup>

### The Lease

The lease is defined as a "Written agreement for the use of land for a definite number of years in return for a consideration usually in the form of payment of rent."<sup>29</sup> In Egypt, however, of the leases under which the rented area is operated are nothing more than oral agreements. The present relations existing between landowners and tenants are still influenced by the hereditary feudal aristocracy which Egypt has had since Pharaohs and the Feudal Age (2500-2800 B.C.). In early Egypt the peasants were only tillers, oppressed and exploited by Mamelukes feudalism between the years 1240-1805 A.D. They had never owned land until the year 1820, when Mohamed Ali gave the peasants the right to cultivate five feddans, but not legally to own them. "In Egypt under the Mamelukes the whole country apart from private property, endowments and fallow or desert land

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<sup>28</sup>G. F. Warren, Twenty-fourth Annual Report of the New York State College of Agriculture at Cornell University (Ithaca, New York, 1911), Bulletin 295, p. 567.

<sup>29</sup>Byrne J. Horton and W. J. Ripley and M. B. Schnapper, Dictionary of Modern Economics (Washington, D. C.: Public Affairs Press, 1948), p. 197.

was regarded as the feudal property of the Sultan (King). All the land had been taken over for the government during Mohamed Ali's reign and had been leased out."<sup>30</sup>

The hereditary inferiority of tenants and farm laborers let large landowners, who form the highest class in the Egyptian society, look down upon the "fellaheen."<sup>32</sup> Consequently, there had never been any real help, respect, or cooperation from the owners' side. There has been only exploitation and inconsiderate treatment. This brief introduction may serve as some explanation of the severe requirements and serious obligations which are claimed by landowners through the written lease.

Forms of the lease are numerous and vary greatly, but they are based on similar fundamentals. The writer collected a number of these forms from various sources such as the Public Domain Department (Egyptian Government), Royal "Wakfs"<sup>32</sup> Department, and some of the largest estates in Egypt. All these forms include the following items:

1. Identification: the effective date of the lease and the names of the owner or his agent and the name of the

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<sup>30</sup>Albert H. Lybyer, Feudalism; Encyclopedia of the Social Sciences, Vol. VI, 211-213.

<sup>31</sup>Fellaheen is the plural of Fellah = the Egyptian name for small farmers as tenants and for farm laborers.

<sup>32</sup>The word Wakf comes from an Arabic root meaning to stop or be at a standstill. The nearest English word is probably "trust" or "entail."

tenant who make the agreement and have the right to be bound by all its provisions.

2. The duration: the second item includes the description of the rented property, the terms and termination of the lease. Usually these leases made for one year start the first day of November and end the last day of October. In some cases the duration of the lease may be confined to one crop (Maktohia) for four to six months. The leases do not contain automatic renewal clauses. All the leases give the owner or his agent the absolute right to terminate the lease and expel the tenant before the expiration of the lease for any reason the owner considers valid without being compelled to pay any compensation or even to send a written notice to the tenant.
3. The rental rates: under this section of the lease the amount of rent charged and the method of payment are set out clearly in full. In the case of standing rent, the lease determines definitely the kinds of crops and the acreage of each.
4. The requirements and compensation: the rest of the lease contains a number of severe requirements, serious obligations, and rigid orders which the tenant is bound and obligated to carry out, such as the following:
  - (a) The tenant has no right to make a claim against the landowner for compensation or reimbursement for the

permanent repairs and unexhausted improvements he may make to the rented land or the farm house, such as drains, small canals, water wheels and any kind of buildings. One of the lease forms stated that "The landowner will consider these improvements as a contribution from the tenant!!" If the owner observes that the rented land, during the lease duration, needs repairs he will do that at the tenant's expense.

- (b) If the tenant defaults or fails to fulfill the complete payment in the time agreed, because of the natural hazards such as flood, drouth, price decline, crop failure, fire, and disease which may damage the crop or livestock and even the tenant himself or his family, the landowner has the right to terminate the lease promptly with a notice sent to the tenant by registered mail. At the same time the tenant is liable and obligated to pay the balance of the rent while the landowner is not obligated to lower the rent. Moreover, the landowner or his agent (Nazir) obtains this payment by foreclosure and forced sale of the tenant's personal properties, such as livestock, implements, stored grain, and even his clothes and furniture. During the field study the writer knew that one large landlord in the Upper Egypt made 137 cases of

foreclosures against his tenants during the years 1949 and 1950.

In large estates owned by absentee landowners the agents, who are the executive representatives of the real owners, add more troubles and make the tenant-landowner relations worse. They are as obsequious to their masters as they are stern to the tenants. They have no interest in the tenants or in the land, and have only one idea--to squeeze tenants in order to raise the owners' incomes and to please them. They exert all possible pressure on the tenants and treat them severely. The tenants always call the agent (Nazir) "the saw that cuts both ways." One of the agents once said to the writer, "If you want to manage the tenants, the only way is to drive them with the lash; they are animals!"

The landowner-tenant relationship is not merely a problem of the lease items; it is far more than that. It is the problem of lack of mutual cooperation and social understanding between the two parties who form the two extremes of the Egyptian society, the highly educated Westernized rich big landowners and the ignorant, uncivilized, poor tenants. The following quotation may illustrate the situation more clearly:

Like the absentee landlords of Irish history, or the pluralist rectors of seventeenth century England, the big landowner goes as seldom, and stays as short a time, as possible. He knows his tenants only by the cash which his Nazir (agent) sends him;

their families he does not know at all. Of their lives and needs as human beings and members of society he is sublimely ignorant. He lives in Cairo or Alexandria and spends the summer in Europe. In one evening he will fling away enough to keep his tenants alive for a whole year. Their poverty and his own luxury seem equally natural to him.<sup>33</sup>

### How Do Tenants Live?

Tenants live in villages of clustered houses located above the fields in order to escape the Nile overblow and irrigation. Streets are narrow, irregular, usually dusty, and occupied with manure heaps. The tenant's house is built of sun-dried mud bricks, usually plastered inside with black mud and rarely painted. The house consists usually of one or two rooms with no windows or with a hole almost touching the roof. Accompanied by the chickens, the tenant and his family sleep in a room equipped with an oven built of bricks in its corner and used as heater in winter and bed in summer. He covers his roof with dry cotton or corn stalks. This habit frequently causes bad fires, especially since the houses are very close together. As to his food, the average daily expenses of the small tenant's family in Egypt is twenty cents!<sup>34</sup> No wonder that small tenants eat meat only

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<sup>33</sup>Henry Ayrout, The Fellaheen (Cairo: R. Schindler, Publisher, 1945), p. 42.

<sup>34</sup>W. Cleland, The Population Problem in Egypt (Lancaster, Pennsylvania, 1936), p. 74.

once every two weeks and sometimes once a month. His meal usually consists of corn bread, salted butterless cheese, onions, and cooked vegetables without meat. Malnutrition, bad housing, and ignorance, coupled with low incomes make the Egyptian tenants the victims of many endemic diseases such as malaria, Bilharzia, Ankylostoma (hookworm), trachoma, and glaucoma. These bad conditions and the parasitic infections are largely responsible for poor health, low productivity, and early deaths with very high death rate.

## CHAPTER III

### SUPPLY AND DEMAND FOR LAND BY TENANTS

In the present economy of Egypt there are two outstanding and unique characteristics which have a bearing on our subject and to which the problem of tenancy has been attributed; the scarcity of cultivatable land, and the excessive natural increase in population. Since both population and land are interactive factors in the economy of Egypt, a clear understanding of their interaction is necessarily needed in this study to indicate how they are determining the land rental value and affecting the present tenancy situation in Egypt. In other words, this chapter will give an analysis of these two major factors in order to show their different socio-economic implications upon rental value, tenants' alternatives, and finally the efficiency of production itself.

#### The Supply of Land for Tenants

##### The Present Physical and Economic Supply

In view of the fact that the Egyptian economy is predominantly agricultural, land is considered the prime essential of the Egyptian's subsistence. The present physical supply of land for agriculture is limited and nearly fixed. About 96 per cent of the area of Egypt is desert, mountains,



scattered oases, and lakes. Out of the total area of 386,000 square miles, the inhabited and cultivated area is 13,590 square miles, or 3.7 per cent. The agricultural land is constricted in the narrow strip of the Nile Valley, which extends for 600 miles from Cairo to the Anglo-Egyptian Sudan, bounded on both sides by the Mokattam Mountains and the vast Sahara desert. About 100 miles from the Mediterranean Sea the valley makes a curve both to east and west, forming the delta.

Table VII shows that during the last 120 years (1831-1947) the cultivated land increased 54 per cent, while the population in the same period increased 462 per cent. This limited increase in land has resulted in a steady decrease in amount of land per person for production and utilization.

According to the best authorities, the per capita acreage of the leading countries which compare closely with Egypt is, for Japan 0.49, and for China 0.55 of a cultivated acre. In Egypt it is 0.39 . . . . . So numerous are the Egyptians and so restricted are their habitable boundaries.<sup>1</sup>

This fixed supply of land is affected by many factors such as the following:

Rainfall. Egypt is a dry country with an average rainfall over the entire country of only about 0.1 inches. This amount and its distribution are naturally out of human

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<sup>1</sup>Wendell Cleland, The Population Problem in Egypt (Lancaster, Pennsylvania, 1936), p. 31.

TABLE VII

GROWTH OF CULTIVATED AREA AND POPULATION  
OF EGYPT, 1831-1947<sup>a</sup>

| Year | Population              | Cultivated Area        | Share Per Capita |
|------|-------------------------|------------------------|------------------|
|      | Number                  | Feddans                | Feddans          |
| 1831 | 3,430,000               | 3,865,613              | 1.07             |
| 1881 | 6,730,000               | 4,714,406              | 0.70             |
| 1887 | 12,730,000              | 5,319,149              | 0.41             |
| 1927 | 14,217,864              | 5,544,361              | 0.38             |
| 1937 | 15,932,694 <sup>b</sup> | 5,288,622              | 0.33             |
| 1947 | 19,087,857 <sup>b</sup> | 5,963,059 <sup>c</sup> | 0.31             |

<sup>a</sup>Source: Hussein K. Selim, Twenty Years of Agricultural Development in Egypt (Cairo: Government Press, 1949), p. 76.

<sup>b</sup>Annuaire Statistique de Poche, 1947 (Cairo: Department of Statistics, Egyptian Government), p. 1.

<sup>c</sup>Estimate of the Committee of Land Taxes (Cairo: Ministry of Finance, 1947).

control and cannot be increased. Thus, the country is completely dependent on irrigation and on the waters of the River Nile for this purpose.

Irrigation. Since agriculture is dependent on the River Nile, irrigation is most important in affecting and determining the supply of land for tenancy. For five thousand years the Egyptians have prayed for high floods, but today high floods are unfavorable and threaten the summer crops, especially cotton, in the lowland lying on the two sides of the river. Any overflow of flood water may cause millions of dollars' worth of damage. No definite plan or project has yet been undertaken for diverting this flood water to the desert in order to make use of the deposits of mud. In 1951, while three-fourths of the total area of Egypt is still Sahara desert, about two-thirds of the total discharge of the River Nile flows into the Mediterranean Sea as waste. No doubt this lack of scientific control of the water involves much waste of human energy, waste of water, and waste of potential increase in cultivable area. The basin irrigation method used for about one thousand years, is still practiced. There are nowadays a million feddans in Upper Egypt which are still basin irrigated. In this primitive system, the land is divided into large areas of basins fed by canals from the river only during the flood season. The water is let into the basins at about the middle of August, is allowed to stay in the basins

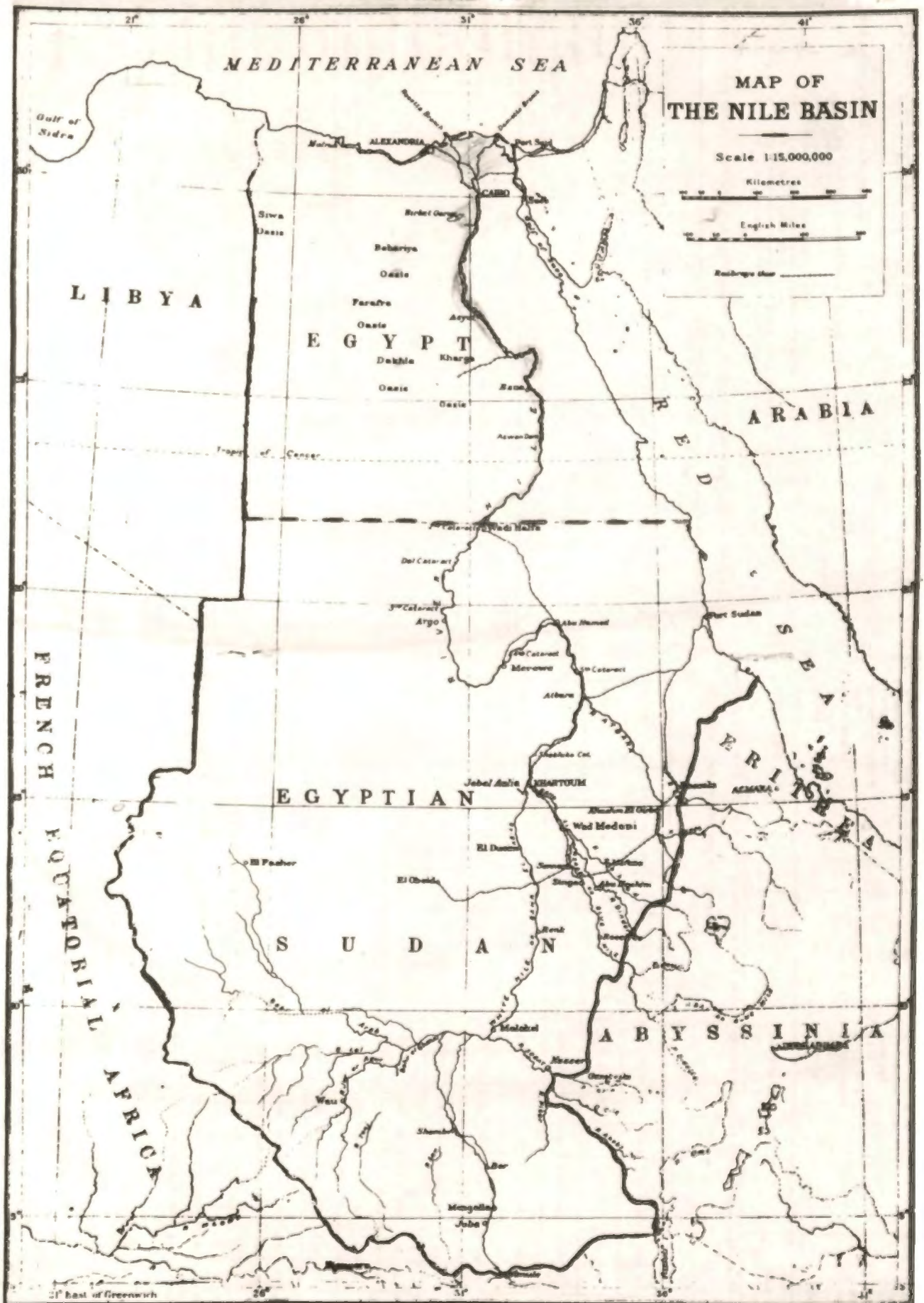
for about forty days, and then is returned to the river.

The emptying of the basins usually begins about the first of October; in November they are free of water, and the seed is sown into the silt left behind to be harvested the following April. The land being left fallow during the five months of the summer, only one crop a year can be grown in this way. As a result that thousands of tenants and farm laborers are idle and unemployed through the rest of the year.

The remainder of the cultivated area, about four million feddans, is irrigated by perennial irrigation. Under this system farmers cultivate two or three crops a year by means of a chain of barrages and dams with a network of canals comprising 13,662 miles.

It is realized in Egypt that the potential increase in cultivated land is restricted by the supply of stored summer water of the River Nile which does not suffice, at the present time, for the irrigation of the extra reclaimed area. The possible cultivable area which can be increased during the next twenty-five years is about two million feddans; consisting of 1,500,000 feddans in Lower Egypt--now in need of reclaiming--and 680,000 feddans in Upper Egypt, now under basin irrigation, but which can be converted to perennial irrigation. To procure this extra cultivable area will entail many difficulties both financial and political. Money is needed for the construction of a big dam in Middle Africa, or Abyssinia, where the sources of the river

FIGURE 3



lie (see the map on page 58). This dam will cost about L.E. 20,000,000 (eighty million dollars).<sup>2</sup> As to the political difficulties this dam and other related projects will call for the approval of the British government which has other political problems with the Egyptian government and which dominates the countries around the source of the river in the equatorial region of Africa. Moreover, the local authorities will have to approve these projects, share and control them. In short, the increase in physical supply of productive land in Egypt is limited by water supply, an adequate amount of which is not in the hands of the Egyptian government but is under the control of others who have stood against the economic development and social welfare of Egypt for a long time.

Technology. At the present time the physical supply of land or the tillable space limitations can be increased from the economic standpoint by increasing land productivity through the application of agricultural inventions and improvements in farm techniques. Technological advance in agriculture means higher productivity of the limited area at less cost, and substitution of machine labor for human labor (labor replacement). As for higher productivity, it should be mentioned that illiteracy, coupled with poverty and the

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<sup>2</sup>Egyptian Ministry of Public Works, Development of Cultivation in Egypt and Sudan (Cairo: Government Press, 1948), p. 9.

abundant supply of labor force available at very low wages, make tenants and small landowners reluctant to adopt new methods of farming and unable to respond easily or even to comprehend the significance of new techniques and use of farm machines. As for lower cost and labor replacement there are neither effective results or accurate data in this respect, because the Egyptian agricultural economy functions exclusively on a basis of cheap labor and animal power. Oxen, cows, buffaloes, and donkeys are still the main sources of farm power except on large farms (Taftish) where machines are used.<sup>3</sup> Tenants, like other farmers, still use primitive agricultural implements of the same type as used by the ancient Egyptians five thousand years ago. The plough, the hoe, the zahafa<sup>4</sup> and the norag<sup>5</sup> in use at the present time are the same implements which were used by the Ancient Egyptians. A strong tenant with two hired oxen or buffaloes can plough from one-third to one-half an acre a

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<sup>3</sup>The total number of mechanized machines used in agriculture in Egypt in 1939 was only 31,202. All were used on large estates. Report Introduced to the International Labor Office on Questions Related to Agriculture (Cairo: Fellaah Department, Egyptian Ministry of Social Affairs, 1946), p. 3. (Arabic.)

<sup>4</sup>The zahafa is a trunk of palm tree, twelve feet long, used to level the land and break up the clods of earth. The farmer stands on the trunk while it is pulled by two oxen.

<sup>5</sup>The norag is a big wooden seat with heavy iron sledges used to thresh grain. It is hauled by two cows or oxen and needs a man and a boy to work on it.

day by working eight hours from morning till evening. In irrigation, during a twelve hour day, two strong tenants working alternately in turning the tamboor<sup>6</sup> can irrigate only about one-fourth of an acre of land.

These primitive methods due to the lack of technology mean waste of potential increase in economic supply, waste of human energy, and waste of time. That means that if we want to increase the output under the present methods of production, this increase will have to be generated from the muscles of tenants, farm laborers and work animals.

It is rather unfortunate that science has not as yet come to diminish the burden of this large group of Egyptians who till the soil and to assure them, at least to a reasonable extent, that their hard work shall not continue to be largely in vain.<sup>7</sup>

### Elasticity of the Land Supply

The theory of economic supply is defined as a set of amounts of some one good or service that will be offered for sale at each of a series of prices.<sup>8</sup> Thus, the supply of cultivated land is the number of feddans that will be

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<sup>6</sup>The tamboor is a screw turned by two strong men sitting with their legs dipped in the stream to raise water to the field level for irrigation.

<sup>7</sup>M. M. B. El-Zalaky, "An Analysis of the Organization of Egyptian Agriculture and Its Influence on National Economic and Social Institutions" (Berkeley: University of California, Unpublished Ph.D. Dissertation, 1941), p. 106.

<sup>8</sup>Mary J. Bowman and George L. Bach, Economic Analysis and Public Policy, 2nd edition (New York: Prentice-Hall, Inc., Publishers, 1949), p. 278.



offered for rent at each of a series of rental value. The physical supply of agricultural land is limited according to the geographical factors, irrigation problems, and the scarcity of rainfall. The economic supply is limited because of opposition to mechanization, coupled with undeveloped techniques, the illiteracy of the majority of the farmers and their use of primitive implements in farming land, and finally the uncoordinated development of irrigation in the cultivated area.

Having all these facts in mind, it would seem apparent that the supply curve of cultivated land for tenancy is inelastic. The cultivatable area available to be tilled by tenants is limited and its amount is the same at any time throughout the year.

#### Demand for Land

In respect to tenancy we are interested in the aggregate rather than individual demand. Aggregate demand is defined as the summation of all the individual demands in the particular market area which is farm tenancy in our study.<sup>9</sup> This demand for land is determined and affected by the biological and cultural forces of population, the scale of preferences, in utilizing the land, and alternative activities among tenants. As only 3.7 per cent of Egypt's area is

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<sup>9</sup>Ibid., p. 260.

agricultural, population, without doubt, constitutes a basic factor and fundamental part in shaping the present form of Egyptian agricultural institutions, including land tenure generally and farm tenancy specifically. As will be shown in the following pages, the purpose of this part is to discuss the importance of the population factor to our subject with major emphasis on the situation of tenants in the market of tenancy and on the Egyptian agricultural ladder.

#### The Growth of Population

Growth of population is one of the principal factors of cultural change which determine the standard of living and the utilization of land resources in Egypt.<sup>10</sup> As previously mentioned, one of the two unique characteristics of Egypt's present economy affecting the problem of farm tenancy is the high increase in population which is probably unparalleled by any other agricultural country. According to Table VIII, the total population increased 462 per cent during the period 1831-1947. The high rate of increase is due to a high birth rate with an average of forty per thousand, the highest in the world after Palestine. The overall death rate is probably the world's highest, averaging twenty-five per thousand, while in the rural areas the

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<sup>10</sup>Renne, op. cit., p. 64.

TABLE VIII

GROWTH OF POPULATION IN EGYPT, 1831-1947<sup>a</sup>

| Year              | Population | Increase  | Annual Rate      |
|-------------------|------------|-----------|------------------|
|                   | Number     | Number    | Per Cent         |
| 1831 <sup>b</sup> | 3,430,000  | -         | -                |
| 1873 <sup>c</sup> | 5,250,000  | -         | -                |
| 1882 <sup>d</sup> | 6,804,021  | 1,554,021 | 3.0 <sup>d</sup> |
| 1897              | 9,714,525  | 2,910,504 | 2.9              |
| 1907              | 11,287,359 | 1,572,834 | 1.6              |
| 1917              | 12,750,918 | 1,463,559 | 1.3              |
| 1927              | 14,217,864 | 1,466,946 | 1.2              |
| 1937              | 15,932,694 | 1,714,830 | 1.2              |
| 1947              | 19,087,857 | 3,155,163 | 2.0              |

<sup>a</sup>Source: Annuaire Statistique de Poche (Cairo: Department of Census, Egyptian Government, 1947), p. 1.

<sup>b</sup>Hussein K. Selim, Twenty Years of Agricultural Development in Egypt (Cairo: Government Press, 1940), p. 75.

<sup>c</sup>W. Cleland, The Population Problem in Egypt (Lancaster, Pennsylvania: The Science Printing Company, 1936).

<sup>d</sup>Modern method of census were introduced into Egypt in 1882. This year was not normal because of the political disturbances and the British invasion at that time.

rate is thirty-four per thousand.<sup>11</sup>

The reasons for the high death rate can be summarized in three words: poverty, malnutrition, and disease. As to the high birth rate, the major reasons are related to the economic conditions and religious fatalism, coupled with ignorance. The low income of the tenants and farm laborers has induced the parents to produce as many children as possible. They consider the child an additional productive unit in the family because the methods of farming, especially cotton cultivation, turn the child into an economic asset at the early age of five or six. The religious fatalism, coupled with the 70 per cent illiteracy among rural people, prevents worry about the security of their children's future. They always say, "Leave it to God, who gave them life and will give them food."

Seventy-five per cent of the total population, or 14.4 million, are rural and are packed into the constricted narrow strip area and dependent on agriculture. The rural population has a very high density, averaging 1,422 per square mile of cultivated land in the year 1947, while four of the provinces in the rural area have a density in excess of 1,800 per square mile of cultivated land. In Giza, Minufia and Girga provinces the density has risen to about

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<sup>11</sup>Unpublished report by Ministry of Public Health (Cairo: Egyptian Government, May, 1950).

2,000.<sup>12</sup> "This density is almost double that of Belgium, the most thickly settled continental European country . . . ."<sup>13</sup> Compared with other countries, the density of population in England and Wales is 685, in Japan 375, in France 197, in Sweden 40, and only three in Canada. Compared with the United States, the density of population is 546 in Massachusetts, 141 in Illinois and forty-five in Iowa.<sup>14</sup>

It is apparent that rural Egypt has the most densely populated rural area in the world. This large population, with its very high density, is almost exclusively dependent on one industry, namely, agriculture. This great dependence of the population on agriculture, associated with high density, puts a tremendous pressure on the already cultivated area, a situation which is becoming worse and worse under the present rate of population increase. In other words, there is an overincrease in population on the sources of subsistence and a continuous decrease in the level of living among the agricultural peoples. The area is overpopulated in the sense that there is a surplus of farm people which could be taken away without affecting the total agricultural

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<sup>12</sup>Information Sheet No. I (Washington, D. C.: Egyptian Education Bureau, 1949), p. 4.

<sup>13</sup>Cleland, op. cit., p. 30.

<sup>14</sup>Ely and Wehrwein, op. cit., p. 22.

production. According to a study made by Dr. Cleland in 1939, under existing methods of farming it is possible for a tenant's family to cultivate an area five times the average area cultivated by that family at the present time.<sup>15</sup> That means that the present amount of agricultural products could have been produced by only one-fifth of the present number of tenants and farm laborers who are operating in their production now.

From this analysis of authentic facts we reach two conclusions; namely, that the present cultivated area in Egypt is overloaded with a surplus of landless farm peoples, including tenants and agricultural laborers, and secondly, that this surplus exerts pressure on the limited cultivated area and leads to an ever increasing demand for land.

### Land Hunger

Acquisition of land in Egypt is a hereditary instinct among the people associated with social prestige, personal respect, and privileged positions. Egyptians have been clinging to the land for a long time. They love the soil and are loyal to the cultivated land. The scarcity of available land, coupled with the high increase in population, has increased the people's keen desire to acquire land either by ownership or by rent at any price or rental.

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<sup>15</sup>Windell Cleland, "A Population Plan for Egypt," L'Egypt Contemporaine, Cairo, May 1939.

Everybody is striving for land and nothing but land. Doctors, lawyers, merchants, bankers and governmental employees --all are struggling desperately for land ownership and farm renting (Ezba). The landless people in villages are searching for parcels of land to rent. Their hopes and livelihood are hung upon it. They believe that farming is the vocation they have inherited from their forefathers, and that they cannot do any other work. A peasant having a donkey and a cow refuses to work as a farm laborer and seeks desperately to rent a parcel of land even if it is only one or two acres. No wonder we find tenants struggling for land, when we know that the mayor in the village must own five feddans at least and that only owners have the right to elect their mayor. It is a sort of economic discrimination and landed aristocracy.

#### Oligopoly and Imperfect Competition

Tenancy is a market where land investment is a commercial business, something like bonds and stocks in an industrial business. In the market of tenancy the landowners are the sellers; they are selling the productive service of their owned land by renting it to tenants who are the buyers forming the other side in this market. The price in the market of tenancy is the rental value. The landowners are primarily concerned with the income they can obtain from investing their land, considering both profit prospects and

the degree of risk involved in alternative methods of renting. They are not particularly concerned with the social and economic conditions of their tenants as long as they receive the full rental value.

In discussing the market position of landowners and tenants we should distinguish between the single landowner and tenant and the group of landowners and tenants who are affecting or not affecting the market price (rental value). In other words, from the standpoint of economy, we must decide whether there is a monopoly and imperfect competition or an extensive competition. In order to state whether farm tenancy in Egypt is operated in a monopolistic market or pure competitive market an explanation of the economic meaning of the two extremes in market situation is necessarily needed and will be presented.

In pure competition, which is one extreme, there are many competitors each acting alone, and each competitor offers or seeks exactly the same thing as do the others. No one of them will be in a position, acting alone, to exert a significant effect on price.<sup>16</sup> In this case, the determination of the market price (rental value) will depend on the actions of all the thousands of individuals (landowners or tenants) involved in the competition. The market processes that determine price (rental value) thus also indirectly

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<sup>16</sup>Bowman and Bach, op. cit., p. 251.



determine simultaneously the amount of the rented land leased by each tenant.

In the conditions of monopoly, which is the other extreme of this analysis, all sellers (landowners) or buyers (tenants) are working in the market (tenancy) as a group or unit exerting a significant effect on price (rental value) and have direct control over this price.<sup>17</sup> This is a theoretical approach to the two extremes of types of market positions in tenancy.

As for landowners' present position in Egypt there is a striking feature in land tenure system--the concentration of land in the hands of a small privileged minority. In the language of figures, out of the total landowners of 2.5 million, there are only 198 large landlords who own about a half million feddans or 8 per cent of the whole cultivated area with an average of 8,700 feddans each. Some of them own tens of thousands of feddans which cover two or three villages<sup>18</sup> and tens of rural communities as in Fouadia, Menia, Qena and Asswan provinces. In those large estates which are called (Taftish), usually all the buildings and houses of the surrounding villages are owned also by the

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<sup>17</sup>Ibid., pp. 251 and 381.

<sup>18</sup>Farm people in Egypt do not live on separate farms as in the United States; they live in approximately 4,200 villages, which differ in size and number of inhabitants from villages with 500 persons to villages with 10,000 people. A few villages have a population of 15,000-20,000.

same landlord thus making the situation of tenants worse. I know some cases in the northern part of the delta where the local agent of a large landlord expelled a number of tenants with their families not only from the land but from the village and the whole area because they failed in paying the rent. "The Egyptian 'pashas'<sup>19</sup> are cotton lords, big business men, controlling large fortunes and holding the entire country in their grip."<sup>20</sup> "Many of the big estates are owned by large companies and on these any sort of human tie has completely disappeared."<sup>21</sup> The minority of landowners, being members of the parliament and high governmental officials, have high status in the Egyptian society, coupled with very high prestige. They constitute a powerful political and economic group in rural Egypt. They have absolute rights in their estates and there is nothing in Egypt to prevent them from expelling their tenants or raising the rental value as high as they can find others willing to pay for rent of the land. They are considering each other's benefits and forming a unit in the market of tenancy. They fix the rental value as they wish, lease the amount of area

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<sup>19</sup>Pasha is a title of honor in Egypt, given by the king, like Lord in England.

<sup>20</sup>Doreen Warriner, Land and Poverty in the Middle East (London: Royal Institute of the International Affairs, 1948), p. 48.

<sup>21</sup>Ibid., p. 49.

which they want to lease and choose the method of renting land according to their desire. Within the group, each landowner does not determine the rental value alone, without taking other landowners' possible action into account. In general they are forming a monopoly and specifically they are acting oligopoly in the market of tenancy.

As for tenants, who form the other side in the market, they constitute the weaker of the two parties because of the limitation in supply of land, coupled with the oligopoly among landowners. Tenants have keen desire for land and create a high demand for renting land for which they desperately search at any price. These factors oppress tenants and force each of them to compete for renting the same parcel of land which others seek, especially in the most populated areas. They are willing to accept whatever the landowners may fix as a rent or ask as requirements. This keen competition among tenants has encouraged some large landowners to rent their estates by the "public auction" method. In this method the competition among tenants becomes very high and leads to an exorbitant rent. Usually the landowner claims serious requirements which small tenants can not meet, and thus a class of middlemen appear on the stage between landowners and small tenants, making the serious situation of small tenants even worse. Those intermediaries--most of whom are merchants, tax collectors and teachers of village grammar school--usually rent the whole

estates and sublease them to numerous small tenants at higher rates, averaging L.E. 10 (\$40.00). During his field study last year, the writer found a middleman who rented an estate in Kaliobia province at the rate of L.E. 20 (\$80.00) per acre and subleased it to small tenants at L.E. 35 (\$140) a higher rate of 75 per cent! In the cases where the whole land of the village is owned by one individual the competition of aggregate tenants residing in the village leads to a very high level of rent combined with severe and unfair requirements which the landowners ask for. Thus, it is apparent from this illustration that the present situation of tenants in the Egyptian market of tenancy, from the economic standpoint, is a pure competition.

#### The Tenants' Lack of Alternatives

The tenants' alternative opportunities in the land tenure system are determined to a great extent by the structure of the agricultural ladder. The concept of the agricultural ladder is that the farmer, in climbing the ladder from the lower rung to the upper rung, spends some time on each rung to accumulate the funds needed to advance him to a higher rung. Usually there are three main groups which stand on the different rungs of the ladder: the landowners, the tenants, and the hired farm laborers. Spillman added one rung and says:

The first rung of the agricultural ladder is represented by the period during which the embryo

farmer is learning the rudiments of his trade. In the majority of cases this period is spent as an unpaid laborer on the home farm.<sup>22</sup>

To show the present situation of tenants on the agricultural ladder and their potential alternative activities, the two extremes of the ladder will be discussed.

The landowners. Landownership in Egypt can be summarized in three words: concentration, maldistribution, and absenteeism. Out of the total population of 19,087,857 in 1947, 2.6 million of persons owned the total cultivated area. Even this minority of population does not own the land equally. In other words, the parcelling out and concentration of land holdings is in very few hands, while the majority of the farm people are either landless or owners of tiny pieces of less than half an acre. In 1945 about 71 per cent of the landowners in Egypt owned dwarf areas of less than half a feddan and their average ownership was 0.29 feddans (0.3 acre). In other words, about 67 per cent of the cultivated land is held by 6 per cent of the owners. To show the problem in more striking figures, we can say that 195 large owners hold an area equal to that owned by 1,353,349 small landowners.<sup>23</sup> Many of those large owners

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<sup>22</sup>W. P. Spillman, "The Agricultural Ladder," American Economic Review Supplement (March, 1919), 170.

<sup>23</sup>Annuaire Statistique de Poche (Cairo: Department of Statistics and Census, Egyptian Government, 1947), pp. 120-125.

are absentees; business firms, wealthy widows, physicians, high officials, members of parliament, and stock companies that have made fortunes in cotton production. It is commonly believed and statistically proved by Lorentz curves that landownership distribution is more unequal in Upper than in Lower Egypt. For instance in Asswan province at the southern boundaries of Upper Egypt in 1943, 66 per cent (26,533 persons) of all the landowners owned only 8 per cent of the cultivated area, while twelve large landlords owned 52 per cent of the land in the province. In March, 1944, H. E. Mostafa El Nahas Pasha, the Egyptian prime minister, declared that the cause of the epidemic of gambia which resulted in the death of 100,000 tenants and farm laborers in Upper Egypt was the starvation and poverty due to unequal distribution of land. He stated that only thirteen large landowners owned and controlled the greater part of the cultivated land in a monopolistic way causing exorbitant rents and low wages.

In his letter to the writer, the general director of the Department of Cooperation in the Egyptian government said that the main reason for extensive tenancy in Egypt and its major problems are due to the maldistribution of landownership.

Table IX shows that during the period 1913-1945 the number of holdings of less than one feddan increased 81 per cent, and the holdings between one and five feddans

TABLE IX

TREND IN DISTRIBUTION OF LAND OWNERSHIP IN EGYPT, 1913-1945<sup>a</sup>

| Landownership    |                      | 1913      | 1929      | 1939      | 1945      |
|------------------|----------------------|-----------|-----------|-----------|-----------|
| Up to one feddān | No. of owners        | 943,000   | 1,476,000 | 1,752,000 | 1,844,000 |
|                  | % increase in number | -         | 57%       | 19%       | 5%        |
|                  | Area in feddāns      | 406,000   | 569,000   | 702,000   | 753,000   |
|                  | % increase in area   | -         | 40%       | 23.4%     | 7%        |
| 1-4.9 feddāns    | No. of owners        | 1,411,000 | 2,019,000 | 2,323,000 | 2,447,000 |
|                  | % increase in number | -         | 43%       | 15%       | 5%        |
|                  | Area in feddāns      | 1,419,000 | 1,708,000 | 1,915,000 | 1,969,000 |
|                  | % increase in area   | -         | 20.4%     | 12%       | 2.8%      |
| 5-49.9 feddāns   | No. of owners        | 133,000   | 144,000   | 146,000   | 147,000   |
|                  | % increase in number | -         | 8%        | 1.4%      | 0.7%      |
|                  | Area in feddāns      | 1,633,000 | 1,759,000 | 1,674,000 | 1,774,000 |
|                  | % increase in area   | -         | 7.7%      | -4.8%     | 6%        |
| Over 50 feddāns  | No. of owners        | 13,000    | 13,000    | 13,000    | 12,000    |
|                  | % increase in number | -         | -         | -         | -7.7%     |
|                  | Area in feddāns      | 2,241,000 | 2,327,000 | 2,180,000 | 2,138,000 |
|                  | % increase in area   | -         | 3.8%      | -6.3%     | -2%       |
| Total            | No. of owners        | 1,557,000 | 2,176,000 | 2,482,000 | 2,606,000 |
|                  | % increase in number | -         | 40%       | 14%       | 5%        |
|                  | Area in feddāns      | 5,293,000 | 5,794,000 | 5,837,000 | 5,881,000 |
|                  | % increase in area   | -         | 9.5%      | 0.7%      | 0.8%      |

<sup>a</sup> Source: Annuaire Statistique de L'Egypte, 1945, Annuaire Statistique de Peche, 1947 (Cairo: Department of Statistics and Census, Government Press).

increased 63 per cent. This tendency to sub-division has been attributed to two factors: the effect of the Islamic law of equal inheritance by all the male children, and the difficulties which always meet those small landowners in buying extra land and moving up to the other class of ownership. The most important of these difficulties is the high price of land. From L.E. 100 (\$400) the average value per feddan of farm land before the last World War, jumped to L.E. 300 (\$1,200) during the last years. In some districts where the population is over-crowded and in farms or villages adjacent to large cities this price of land rose to L.E. 600-800 or (\$2,400-\$3,200) while in the United States this price ranges between 50-200 dollars (L.E. 12.5-50). This high land value is an insurmountable handicap to many farm people who want to own land, and consequently they enter the market of tenancy which is open to them all, pressing more and more on the limited land supply for tenancy.

Farm laborers. At the very bottom of the Egyptian agricultural ladder lies the farm laborers, the group most interrelated with the tenants and the most oppressed and underprivileged class in the country. This group is characterized by heavy work, very low wages, long hours, hazardous working conditions, oppression and exploitation of child labor. Their bad conditions are due to historical and psychological reasons that still affect the relations between



them and the landlords. It is an accepted attitude of superiors to inferiors or masters to servants. These factors, combined with the severe working conditions, explain the refusal of the children who finish their educational program in the village grammar school or elementary school to go back and work in tilling the land.

Hired farm laborers form the majority of the fellaheen, and there are no accurate statistics about their number. According to the 1937 Census the male wage earners numbered 1,457,267, and the 1939 Agricultural Census enumerated both males and females at 1,627,629. These figures, however, do not give the true picture because some of the agricultural laborers work as part-time laborers and rent small pieces of land; therefore, they are considered in the census as wage-earners. According to the census landless farm laborers increased very rapidly from 659,883 in 1927 to 1,457,267 in 1937--an increase of about 120 per cent, while the number of owner-operators and full renters increased from 963,233 in 1927 to 1,170,360 in 1937, an increase of only 21 per cent. This continuous increase in the number of landless hired laborers has presented a most serious problem in the socio-economic structure of rural Egypt. It has resulted in a very low daily wage and over-abundant supply of cheap labor. The average daily cash wage varied from 35-50 milliems (14-20 cents) in 1912 to 40-70 milliems (16-28 cents) in 1927 to 30 milliems (12 cents) in 1939 to 102

milliems (41 cents) in 1947. (See Table X.) As compared with the United States, the daily cash wage in 1912 was \$1.43, in 1929, \$2.25, in 1939 \$1.56, and in 1942 was \$2.49.<sup>24</sup> Even with these very low wages, the farm laborers can not find permanent work through all the year. According to the data of Fellah Department, Ministry of Social Affairs, the number of working days varies between 165-210 days for men; 130-160 days for boys; 100-140 days for women.<sup>25</sup>

Owing to the low wages and the few working days, the total earnings of an agricultural laborer were about \$2.50 per month in normal times before the last war and about \$7.00 in 1948. This extremely low income means low purchasing power, low consumption, and low levels of living. Table XI shows that the total expenses per month of a hired laborer family, averaging five persons, were L.E. 3.51 (\$14.04) in 1943 and L.E. 15.26 (\$21.04) in 1948. The total expenses for food was 68.7 per cent and the percentage of expenditures for clothes, housing, fuel, light, medical treatment, education, and recreation was only 32.3 per cent. According

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<sup>24</sup>Farm Wage Rates, Farm Employment and Related Data (Washington, D. C.: United States Department of Agriculture, January 1943), pp. 3-4.

<sup>25</sup>Women do not work in the fields of Upper Egypt according to tradition. According to the Ministry of Agriculture Census of 1939 the percentage of women hired on farms is about 17 per cent of the total number of hired farm laborers.

TABLE X

MOVEMENT OF DAILY WAGES, 1912-1948<sup>a</sup>

| Year | The Rates in Milliems | (In Cents) |
|------|-----------------------|------------|
| 1912 | 35-50                 | 14-20      |
| 1914 | 25-30                 | 10-12      |
| 1920 | 60-80                 | 24-32      |
| 1928 | 40-45                 | 16-18      |
| 1929 | 40-70                 | 16-28      |
| 1933 | 20-25                 | 8-10       |
| 1934 | 20-32                 | 8-13       |
| 1939 | 20-30                 | 8-12       |
| 1943 | 30-65                 | 12-26      |
| 1945 | 45-95                 | 18-38      |
| 1946 | 45-95                 | 18-38      |
| 1947 | 48-98                 | 19-39      |
| 1948 | 57-102                | 23-41      |

<sup>a</sup>Source: 1. M. A. Lambert, "Les Salaries dans L'enterprise Agricole Egyptienne," L'Egypte Contemporaine (Cairo: March 1943).

2. Abdel Wahab Pasha's Memorandum (Cairo: Government Press, 1936).

3. Section of Technical Research and Statistics, Fellah Department (Cairo: Ministry of Social Affairs).

TABLE XI  
MONTHLY EXPENSES OF A FARM LABORER  
FAMILY 1943-1948<sup>a</sup>

|  | 1943      | 1945  | 1946  | 1947  | 1948  |
|--|-----------|-------|-------|-------|-------|
| Total expenses of a family per month         | L.E. 3.51 | 5.19  | 4.92  | 4.60  | 5.26  |
|  | \$ 14.04  | 20.76 | 19.68 | 18.40 | 21.04 |
| Costs of living index number - based on 1939 | 242       | 293   | 287   | 279.4 | 281   |

<sup>a</sup>Source: 1. Section of Technical Research and Statistics, Fellah Department (Cairo: Ministry of Social Affairs).

2. Department of Statistics and Census Ministry of Economics (Cairo: Egyptian Government).

to Engel's Law these figures indicate a very low cultural level and poor standard of living. Compared with other agricultural countries, the average rural family consumption of food in per cent of total consumption in China is 60 per cent and in the United States is 44 per cent.<sup>26</sup>

There is no legislation or arrangement in Egypt concerning farm laborers. They were excluded from all laws regulating labor and fixing wages.

According to this presentation and analysis of the two extremes of the Egyptian agricultural ladder--the landowners and the hired farm laborers--it can be said that the tenants are imprisoned within the walls of the methods of land tenure in Egypt. The tenant cannot accumulate an amount of funds high enough to buy a small farm of five feddans which is considered in Egypt a family-size farm. To buy this small area, the tenant should have L.E. 1,000-1,500 (\$4,000-\$6,000) as a price of the land. Even though the tenant has this initial investment of the amount of capital required, he still has the task of accumulating the working capital, equipment and livestock needed to operate the farm. The value of livestock and equipment capital

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<sup>26</sup>United States Department of Labor, J. L. Buck, Chinese Farm Economy, and other sources. (Taken from Bowman and Bach, op. cit., p. 14.)

needed averages approximately L.E. 200 (\$800).<sup>27</sup> A rough estimate for an average farm of five feddans would be L.E. 1,450 (\$5,800) or (L.E. 1,250 for land + 200 for equipment). Going further, even after purchasing the farm it is still more difficult for the tenant to pay the operating expenses such as seed, taxes, labor, and fertilizer.

In fact, the amount of capital required in Egyptian farming is so large in many instances that tenants renting land under serious circumstances, would be forced to give up any hope of ever achieving a higher place on the agricultural ladder. This statement may be clearer if it is known that in Egypt there is neither a system of offering credit and long term loans to tenants nor any facilities to enable them to purchase land. They can be given only short term loans for daily farm operations after they obtain the security of the landowners from whom they have rented the land. It is not easy for the landowners to offer tenants this security unless they are sure that tenants fully intend to pay the loan when it is due.

On the other hand, the miserable working conditions of the hired farm laborers cannot persuade or attract tenants to work as full agricultural laborers. All they can do

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<sup>27</sup>The livestock needed for farming five feddans are: a cow - a buffalo - two donkeys. The following prices prevailed in rural Egypt during the last few years: the cow - L.E. 35-60 (\$140-\$240); the donkey - L.E. 10-15 (\$40-\$60); the buffalo L.E. 60-80 (\$240-320).

is to work during their leisure days as hired workers to supplement their incomes and to pay the rental value.

One more point has to be mentioned before closing this part on tenants' alternative opportunities; that is, the lack of industrialization in Egypt which otherwise might absorb many of the increasing number of landless tenants. Industrial and commercial activities are still limited and have not yet been extensive enough to offer profitable alternative sources of employment and outlets to tenants.

From the foregoing analysis and the facts given, it may be concluded that tenants, having no other alternatives, are forced and obliged to stay on their rung in the agricultural ladder. They are packed together on the limited cultivated area and are oppressed between the high walls of the landownership which make it very difficult, if not impossible, to climb up the ladder.

#### The Rental Value

Because of their importance the factors discussed in the preceding analysis are outlined and summarized as follows:

1. The fixed physical supply of land combined with the inelastic supply of the cultivated area.
2. The excessive rapid increase in population and the high density among agricultural people.

3. The concentration of the major part of the cultivated area in the hands of a few large landowners who are an acting oligopoly in the market of tenancy on one hand and the pressure of tenants on the constricted area searching desperately for land having pure competition on the other hand.
4. The high inelastic aggregate demand among tenants for renting land.
5. The prevalence and extensiveness of tenancy and its rapid growth from 14.4 per cent to 24.0 per cent and to 61.0 per cent of the total cultivated area in the years 1929-1939-1949 respectively.
6. Renting land is obligatory for tenants because of the following reasons which make it impossible for them to climb up the agricultural ladder thus leaving them with no other alternatives:
  - (a) The high price of land which has jumped to fantastic figures.
  - (b) The amount of capital required to start ownership farming is very large.
  - (c) The absence and lack of farm credits and other facilities to enable tenants to purchase land.
  - (d) The miserable working conditions of the hired farm laborers do not encourage tenants to work for wages.



- (e) The lack of industrialization and extensive commercialization to absorb some of the landless tenants and offer them profitable alternative sources.

All these factors combined have resulted in an exorbitant level of rental values. It can be stated that the Egyptian tenants pay the highest rents for farm land in the world. As shown in Table XII there has been a continuous rise in cash rent values. From L.E. 5.1 (\$20.40) per feddan in 1932-1933 the rates increased to L.E. 19 (\$76.00) in 1944-1945 and then jumped up to L.E. 23.3 (\$93.20) in 1947-1948. In some areas of high congestion, as Menia, Mallowy, Nag Hamadi, Giza and Shebin the cash rent per feddan reached in the last few years fantastic rates, ranging between L.E. 60 and L.E. 80 per feddan (\$240-\$320). The average rent value far outstripped and exceeded the cost of living index numbers and also the prices of agricultural crops. While the rent in 1947-1948 compared to 1938-1939 increased 326 per cent, the corresponding rise in cost of living was 281 per cent; in cotton prices, 271 per cent; and in corn, 238 per cent.<sup>28</sup>

These high rates of land rent have no parallel in the world. It may be a matter of surprise and interest to know that the average rent in Egypt exceeds the value of farm

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<sup>28</sup>Annuaire Statistique de Poche (Cairo: Department of Statistics and Census, Egyptian Government, 1947), pp. 138-145.

TABLE XII

AVERAGE CASH RENT PER FEDDAN AND THE  
RATE OF INCREASE, 1932-1948<sup>a</sup>

| Year    | Average Paid per Feddan |                   |  | Costs of<br>Living Index<br>(1939 = 100) |
|---------|-------------------------|-------------------|--|--|
|         | Egyptian<br>Currency    | U. S.<br>Currency | Percentage<br>of Increase<br>(1932-33 = 100) |  |
|         | L.E.                    | Dollars           | Percent                                      | Index                                    |
| 1932-33 | 5.1                     | 20.4              | 100  | -  |
| 1937-38 | 6.5                     | 26.0              | 123  | -  |
| 1938-39 | 7.2                     | 28.8              | 141  | 100                                      |
| 1942-43 | 15.2                    | 60.8              | 298  | 235                                      |
| 1943-44 | 18.0                    | 72.0              | 353  | 279                                      |
| 1944-45 | 19.0                    | 76.0              | 373  | 272.7                                    |
| 1945-46 | 19.4                    | 77.6              | 380  | 287.5                                    |
| 1946-47 | 22.0                    | 88.0              | 431  | 282.0                                    |
| 1947-48 | 23.3                    | 93.2              | 457  | 281.0                                    |

<sup>a</sup>Computed and compiled by the writer from:

1. Fellah Department, Section of Statistics and Technical Research, unpublished study (Arabic).
2. A. Lambert, "Divers Modes de Faire Valoir Les Terres en Egypt" (Cairo: Egypte Contemporaine, 1938).
3. Annuaire Statistique de Poche, Department of Statistics and Census (Cairo: Government Press, 1947), pp. 306-307.

land in the United States. While the average rental value per acre in Egypt was L.E. 6.5 (\$26.00) during the period 1932-1939, the average value per acre of farmland in the United States was \$4.82 in 1935.<sup>29</sup> It is interesting also to recall that average land rent in cotton areas in the United States was under \$4.00 in 1933 and \$5.00 in 1939<sup>30</sup> while in Egypt it was about \$30.00.

According to data gathered by the local agents of the Fellah Department, Egyptian Ministry of Social Affairs from 216 villages in various parts of the country, it was observed that provinces Menofia, Kaliobia in Lower Egypt and Giza, Menia, Girga in Upper Egypt always had the highest rates during all the years. (See Table XIII and Figure 4.) These provinces are characterized by the highest density of population and maldistribution of land ownership. Most of the large landowners in Egypt are concentrated in these provinces. They have very large size farms which reach to seventeen thousand feddans in Garbia and thirteen thousand in Menia, while the majority of the population is landless in these areas.

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<sup>29</sup>Charles Issawi, Egypt: An Economic and Social Analysis (Oxford: Royal Institute of International Affairs, 1947), p. 76.

<sup>30</sup>Farm Tenancy, Report of the President's Committee (Washington, D. C.: United States Government Printing Office, February 1937), p. 104.

TABLE XIII

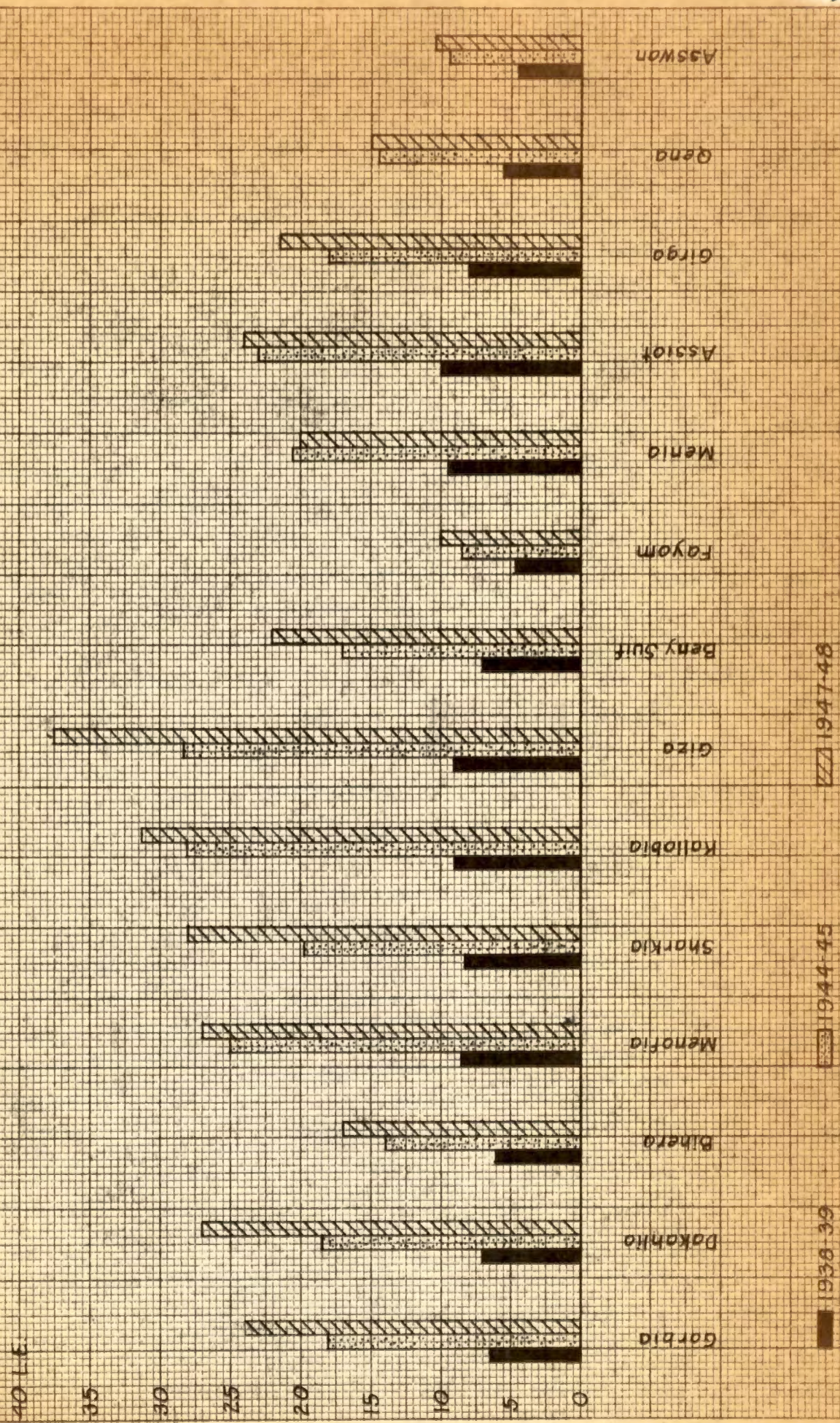
DISTRIBUTION OF AVERAGE RENT PER FEDDAN IN PROVINCES  
AFTER WORLD WAR II, 1944-1948<sup>a</sup>

| Province                   | Year    |         |                |                |
|----------------------------|---------|---------|----------------|----------------|
|                            | 1944-45 | 1945-46 | 1946-47        | 1947-48        |
|                            | L.E.    | L.E.    | L.E.           | L.E.           |
| <u>Lower Egypt (Delta)</u> |         |         |                |                |
| Garbia)                    | 18      | 19.4    | 27.7           | 24.2           |
| Foudia)                    | 18.6    | 21.7    | 23.0           | 26.3           |
| Dakahlia                   | 13.9    | 17.0    | 18.6           | 16.6           |
| Bihera                     | 18.9    | 21.0    | 18.4           | 26.6           |
| Sharkia                    | 25.3    | 24.0    | 25.1           | 26.0           |
| Menofia                    | 27.9    | 25.6    | 25.0           | 30.0           |
| Kaliobia                   |         |         |                |                |
| <u>Upper Egypt</u>         |         |         |                |                |
| Giza                       | 26.5    | 25.5    | 31.0           | 37.0           |
| Beny Souif                 | 17.0    | 19.0    | 24.2           | 22.5           |
| Fayom                      | 8.5     | 18.0    | 12.0           | 9.5            |
| Menia                      | 20.6    | 23.2    | - <sup>b</sup> | - <sup>b</sup> |
| Assiut                     | 23.3    | 19.9    | 25.0           | 21.8           |
| Girga                      | 18.2    | 21.8    | 30.0           | 21.7           |
| Qena                       | 14.6    | 14.0    | 15.0           | 27.0           |
| Asswan                     | 9.5     | 6.8     | 11.0           | 10.0           |
| Average rent               | 19.0    | 19.4    | 22.0           | 23.3           |

<sup>a</sup>Source: Section of Research and Statistics, Fellah Department, Ministry of Social Affairs, Cairo. Unpublished study (Arabic).

<sup>b</sup>No available data to make the average.

FIGURE 4  
AVERAGE RENT PER FEDDAN IN PROVINCES



1947-48

1944-45

1938-39

## Do Tenants Gain or Lose?

The foregoing analysis raises the question of whether the tenant, under the present serious circumstances, does make a profit out of renting land. It is not so much a question of profit or loss itself as of providing the means of and reasons for making such a profit or loss. In other words, do tenants gain or lose from their lease? If they do lose, why does tenancy grow rapidly and become extensive? And why do tenants continue to rent land? How does tenancy affect the output per feddan, the fertility of land and soil conservation?

The following section is concerned with answering such "how" and "why" questions in the light of available statistics.

### Net Returns

Economic rent is usually defined simply as the residual above all the costs of the inputs.

The rent of land may be defined to be that portion of the value of the whole produce which remains to the owner of the land, after all the outgoings belonging to its cultivation, of whatever kind, have been paid.<sup>31</sup>

The word "all" costs includes the wages of labor, costs of fertilizers, returns on management, and in general the

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<sup>31</sup>Malthus, Principles of Political Economy, p. 136. (Quoted from Ely and Wehrwein, op. cit., p. 117.)

profits of capital used in each unit of output. Recently the modern economist defines rent in terms of "fundamental demand-supply relations through marginal productivity and opportunity cost."<sup>32</sup> Different issues and viewpoints on the meaning of rent have developed since 1815 when Malthus and Ricardo published their Principles of Political Economy. The purpose of this work is not to discuss all these; it is rather to give light on the following analysis and to serve as theoretical groundwork by which to explain how to Egyptian tenant considers the rent, and what is its proportion to the input added, the output produced, and the profit or loss received.

As explained in the preceding chapter, the systems of renting land existing between landowners and tenants exert great influence on shaping the rent, whether in cash or in kind, and have the effect of dividing the annual rental value between the two in the proportion of each other's share in land productivity.

High rent, coupled with the decline in output per feddan (see Table XVI), and the constant increase in costs of productive agents such as fertilizers, seeds, irrigation and wages, cannot offer the tenant fair return to make a profit. The following facts prove this assumption:

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<sup>32</sup>C. R. Bye, Developments and Issues in the Theory of Rent (New York: Columbia University Press, 1940), p. 106.

1. The average cash rent exceeds the average net income per feddan. According to the study made by the Egyptian Ministry of Social Affairs (Fellah Department) on the net income per feddan, it is apparent from Table XIV and Figure 5 that the rental value exceeds this income by an average of 12 per cent during the period (1938-39 and 1945-46). Even this low net income includes the return to the tenant for his labor, skill and management.
2. The rate of increase in rental value exceeds that of crop prices as shown in Table XV. The average rent increased 273 per cent from 1938 to 1946, while the increase in price of crops was less than that.
3. Most of the landowners prefer to rent their land to secure an assured high profit from high rents. This statement is proved by data for 1949-50 gathered by the writer from four large estates in Egypt, as shown in the following table:

|                 |                       | Area             |                   |                                     |
|-----------------|-----------------------|------------------|-------------------|-------------------------------------|
|                 |                       | Total<br>(Fedd.) | Rented<br>(Fedd.) | Operated<br>by the Owner<br>(Fedd.) |
| Estate A Foudia | ) Lower<br>) Egypt    | 16,035           | 9,172             | 6,863                               |
| "               | B Menia ) Upper       | 6,600            | 6,000             | 600                                 |
| "               | C Qena ) Egypt        | 14,075           | 11,395            | 2,680                               |
| "               | D Different Provinces | 6,699            | 5,772             | 927                                 |

The average net income per feddan of operated area in Estate "A" was L.E. 5.02 (\$20.08) in 1937 and L.E. 15.3 (\$61.20) in



TABLE XIV

INCREASE IN NET INCOME COMPARED WITH THE RENT PER FEDDAN, 1938-1946<sup>a</sup>

|   | 1938-39    | 1942-43     | 1943-44     | 1944-45     | 1945-46     |
|---|------------|-------------|-------------|-------------|-------------|
| Total gross income L. E.  | 76,739,000 | 150,579,000 | 156,644,000 | 180,786,000 | 185,181,000 |
| Total costs of production L. E.   | 33,674,000 | 65,713,000  | 70,208,000  | 84,527,000  | 79,961,000  |
| Total net income L. E.  | 43,075,000 | 85,066,000  | 86,435,000  | 96,259,000  | 105,220,000 |
| Cultivated area including fruit and vegetable areas. Feddans  | 5,330,000  | 5,221,000   | 5,578,000   | 5,620,000   | 5,790,000   |
| Net income per feddan (excluding 10 per cent difference between prices of crops on farms and that in markets at Cairo and Alexandria L. E.) | 7.3        | 14.6        | 14.0        | 15.4        | 16.3        |
| Average cash rent per feddan L. E.  | 7.2        | 15.2        | 18.0        | 19.0        | 19.4        |
| % increase in net income  | 100        | 200         | 190         | 211         | 223         |
| % increase in rent  | 100        | 211         | 253         | 268         | 273         |

<sup>a</sup>Computed by the writer from unpublished study on net income (Cairo: Ministry of Social Affairs, Fellaḥ Department, Egyptian Government, 1949), (Arabic).

FIGURE 5  
INCREASE IN NET INCOME AND RENT  
PER FEDDAN

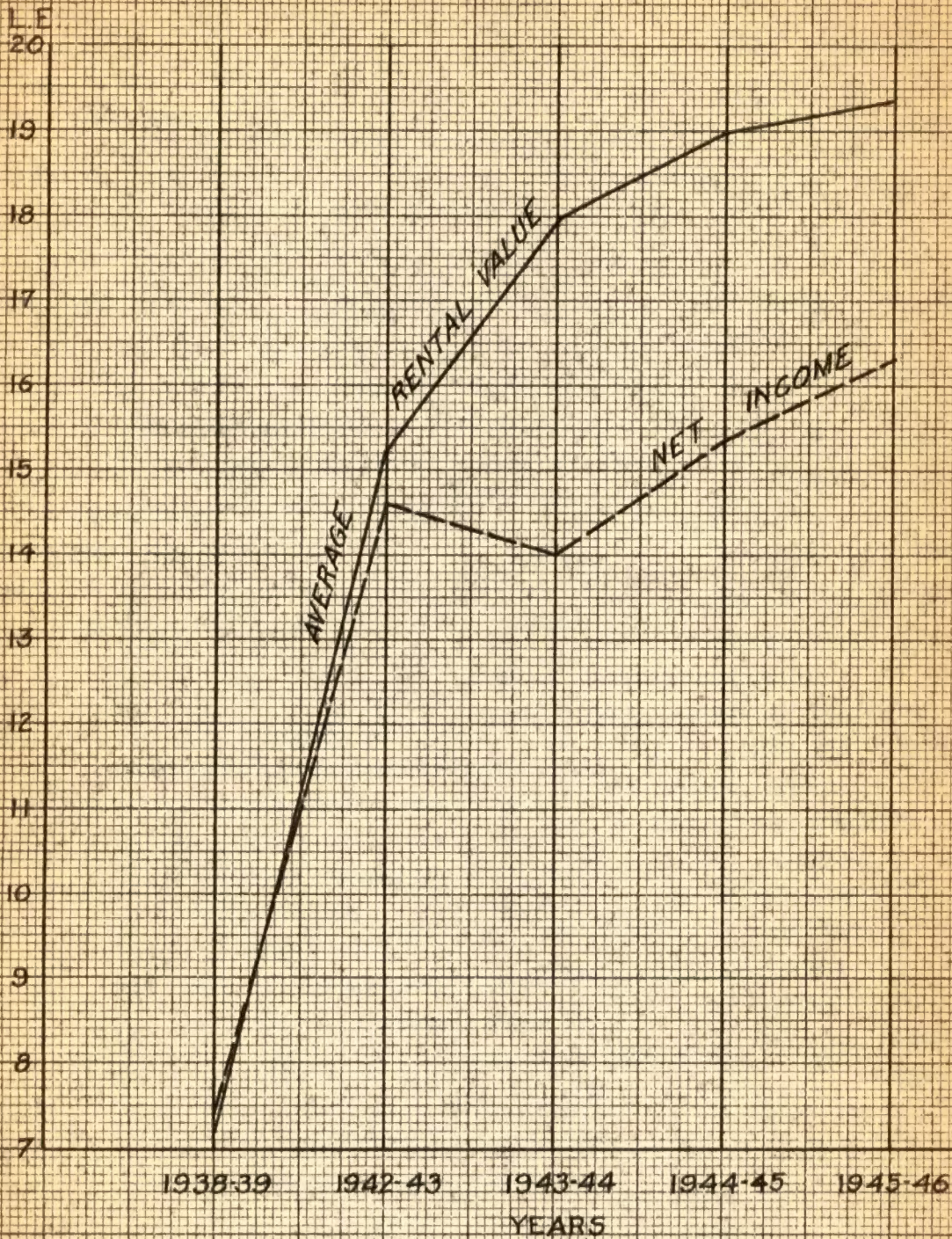


FIGURE 5

TABLE XV

INCREASE IN CROP PRICES AND LAND RENT 1938-1946<sup>a</sup>

| Year    |              | Crop Prices             |                      |                       |                        | Average               |
|---------|--------------|-------------------------|----------------------|-----------------------|------------------------|-----------------------|
|         |              | Cotton<br>Per<br>Kentar | Corn<br>Per<br>Ardab | Wheat<br>Per<br>Ardab | Barley<br>Per<br>Ardab | Rent<br>Per<br>Feddan |
| 1938-39 | ) price L.E. | 2.62                    | 0.98                 | 1.40                  | 0.69                   | 7.15                  |
|         | ) index      | 100                     | 100                  | 100                   | 100                    | 100                   |
| 1945-46 | ) price L.E. | 7.00                    | 2.35                 | 3.59                  | 1.85                   | 19.4                  |
|         | ) % increase | 271                     | 238                  | 256                   | 267                    | 273                   |

<sup>a</sup>Computed and Compiled by the writer from *Annuaire Statistique de Poche* (Cairo: Department of Statistics and Census, 1947), and unpublished studies of Section of Statistics and Research, Fellah Department, Cairo.

1949, while the cash rent paid per feddan was L.E. 8.00 (\$32.00) and L.E. 36 (\$144) respectively. In Estate "C" the net income per feddan of operated area was L.E. 11 (\$44.00) in 1939 and L.E. 22.05 (\$88.20) in 1949, while the cash rent paid per feddan of the leased area was L.E. 14 (\$56.00) in 1939 and L.E. 35 (\$140) in 1949.

The Egyptian government is a large landowner. It owns 150,832 cultivated feddans, reclaimed and worked under the supervision of the Department of Public Domain. This department has rented 138,832 feddans or 92 per cent of this land because renting is more profitable than operating the land on its own account. This has been done in spite of the department having been well staffed by specialists and qualified personnel. Encouraged by the high rents the large landowners have increased the proportion of rented area on their farms during recent years, as shown in the following table:

|                             | Operated Area | Rented Area |                     |     |
|-----------------------------|---------------|-------------|---------------------|-----|
|                             |               | Amount      | Percentage Increase |     |
|                             |               | Feddans     | Per Cent            |     |
| Estate A                    | { 1939        | 12,554      | 3,000               | -   |
|                             | { 1949        | 6,863       | 9,172               | 360 |
| Estate C                    | { 1939        | 5,701       | 8,232               | -   |
|                             | { 1949        | 2,680       | 11,395              | 140 |
| Department of Public Domain | { 1939        | 68,100      | 115,571             | -   |
|                             | { 1949        | 12,000      | 138,832             | 120 |

4. Because of the exorbitant rates, tenants are unable to pay the yearly rent. Their livestock and personal properties can then be foreclosed or mortgaged to pay the accumulated rent. According to the study made by the writer, there were 530 cases of foreclosure made against the tenants on one large estate in Upper Egypt in 1939, and 460 cases in 1945 on the same estate. The Fellah Department made a study in April 1944, on the conditions of the tenants of the Sheikh Fadl land company at Menia province and found that most of the tenants were sinking into debt, resulting in virtual serfdom to the company. They were chained by their debts, sticking to the company and the land with no possibility of moving because whatever the tenant produced was usually taken by the company to apply on the old debts.<sup>33</sup>

The report says, "Most of the tenants do not know their balance or accounts due to them or to the company because of their illiteracy and because they have no kind of receipts or legal documents." Regarding this situation Dr. Ahmad Hussein Bey, the present Secretary of State for Social Affairs states:

In many cases, the tenant cannot pay all the rental value. Thus, he remains indebted to his

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<sup>33</sup>Unpublished report of the study of the complaints offered to the Ministry of Social Affairs by tenants of Sheikh Fadl Land Company (Cairo: Fellah Department, April 22, 1944). (Arabic.)

landowner and cannot move to another farm for fear of his cattle being seized by force and sold. Such tenants have lost all hope of paying their old debts, and they frequently commit illegal acts and are forced to "steal" a part of the crop.<sup>34</sup>

### Explicit and Implicit Costs

As a result of the widespread illiteracy among the majority of tenants, they do not know their receipts and expenses. They do not know in detail either their financial condition or their transactions and earnings. The individual tenant does not keep any kind of farm records or account books but depends on his experience and memory. Accordingly, he considers any amount of money remaining after deducting the explicit costs from his roughly estimated gross income as a profit. These explicit costs are such cash expenses as cash rent, price of seeds, fertilizers, irrigation, and wages of hired laborers. The tenant, however, as a self-employed worker, receives implicit wages; the remainder which he considers as profit is in part a payment for his work as a skilled laborer and manager, a payment covering interest and the risks, and a payment of the labor of his children and his wife. The tenant also does not take into consideration the costs of his using agricultural implements, the wages of his cattle as they are hired. Nor does

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<sup>34</sup>The Report of the Third Agricultural Conference  
Cairo, March 20 - April 8, 1949 (Cairo: Madkor Press  
(Arabic)), p. 136.

he take into account either costs of storing his product or the value of manure which his buffalo or cow provides. On the other hand, he uses the clover and hay, raised on this land, as a feed for his livestock during the year and he does not pay for them. Finally, he does not compute the substantial portion of his food from products raised on his rented area and used in the house, such as corn, eggs, vegetables, and milk. Moreover, most of the tenants do not compute a house-rent because they live in their own houses except for the minority of share-croppers who use houses offered by the owner.

In short, if the tenant computes all these items of implicit costs, he will have no profit or will actually take a loss. To cover the difference between rent and value of crops, the tenant with his family is forced to work for wages as hired laborer during his spare time in the neighboring farms. He also sells--for cash--what his wife raises on the farm such as poultry, eggs, and dairy products. With these additional sources of earning, the tenant is able to pay the rent. In brief, the tenant--his energy, time, skill, experience, his children and wife, his livestock and implements--all are recruited and devoted to the benefit of the landowner.

### Results of Loss

This situation has led to serious results in rural

areas. In 1948 the tenants broke up the office of the landowner's agent in Mehalet Mosa village in an aggressive protest because of high rents and their loss from renting land. Another serious case occurred in 1947, when the tenants attacked the manager of a large estate in "Shoha" Dakahlia for the same reasons. In 1946 about one thousand desperate tenants attacked and ruined the office of the Kom Ombo Company in Asswan. In 1949, the writer interviewed a number of tenants in "Sariakos" Kaliobia. One of these tenants, whose cow was seized by force and sold, explained as follows:

I rented three feddans for L.E. 78 (\$312) at L.E. 26 (\$104) a feddan. I cultivated one feddan in beans and corn, the second in wheat and corn, and the third in clover then cotton. I spent L.E. 22 (\$88) in seeds, fertilizers, and labor--not to mention my labor, that of my children, and my animals. Out of the first feddan I produced four ardabs of beans and five ardabs of corn. I kept the corn for food and one half an ardab of beans for livestock feed and sold the rest at L.E. 13 (\$52). The second feddan yielded five ardabs of wheat sold at L.E. 18 (\$72); the corn yield I kept. The third feddan produced 4.5 kentars of cotton sold at L.E. 50 (\$200), and my animals ate the one cutting of clover. Thus, the total value of beans, wheat and cotton sold was L.E. 81 (\$324). I had already spent L.E. 22 (\$88), so how could I pay my rent of L.E. 78? My cow had to be seized and foreclosed.

I asked him, "If you only lose, why do you continue to rent?" He answered, "Because farming is the only job I know. I learned it from my fathers. It is impossible for me to buy even one Kerat,<sup>35</sup> I do not know how to do anything

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<sup>35</sup>One Kerat = 1/24 of feddan, the feddan = 1.038 acres.



except rent land." Then he added seriously, "Since everything I had produced, plus my dear cow, has been taken from me, I will steal."

### Effects of Tenancy on Soil Conservation

Soil conservation means maintaining or preserving the productive power of the soil and protecting it against erosion, depletion, and waste exploitation.<sup>36</sup> It usually involves reduction of the rate of resource disappearance, use, or consumption, and a corresponding increase in used surplus left at the end of a given period.<sup>37</sup>

In Egypt, because the majority of the population is directly dependent for its sustenance upon the soil and because the amount of productive land readily available is definitely limited, soil is considered the most important capital of the present and future commonwealth of Egypt. It is considered one of the richest soils in the world because of its content of all salts and minerals needed for plant life, when the low proportion of phosphates and nitrates is added in fertilizers.

The systems of farm tenancy in Egypt, as explained before, in addition to the influence of crop rotation and

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<sup>36</sup>Ely and Wehrwein, op. cit., p. 210.

<sup>37</sup>F. G. Tryon, "Conservation," Encyclopedia of the Social Sciences, Vol. IV.

the lack of efficient system for drainage has caused depletion of this rich soil. The instability and lack of security among tenants, resulting from several factors, are responsible for this situation. The tenant is forced and obligated to exhaust and exploit the rented land to get the maximum production possible out of his parcel during the year to pay the required high rent. Moreover, he is not willing or desirous of improving his rented land because he has no feeling of stability or assurance that he will remain on the land over the period of the lease or even for more than one crop time. If a tenant has a lease for only one year without provision for renewal or continuation it is not to be expected that he will make improvements or apply fertilizer and manure as liberally as if he had a lease long enough to permit him to get the residual benefits from such applications or improvements.

The tenant cannot be blamed for such behavior since the landowner has the right to terminate the lease at any time he wishes and to expel him without being liable to any claim. The tenant well knows that it will be useless and a loss to him if he makes any improvements or permanent repairs since he has no right to claim against the landowner for reimbursement for making drains, small canals, installation of water wheels for irrigation, and any kind of buildings. For comparison, in Pre-Communist China, where the importance of soil value is recognized, the tenant is

considered the owner of the soil fertility comprising all improvements made for developing land productivity. At the end of the lease, the landowner pays him the return for the past investments such as fertilizers and accumulated labor sunk into the land.<sup>38</sup>

There is no accurate data to show precisely the erosion of land rented by tenants for many reasons, such as illiteracy of tenants who do not keep records, short period of leases, high instability in the occupancy of rented areas, and the continuous changes among landowners in methods of farming and utilization of their land. They may lease a part of their holdings and operate another part one year, they reverse the procedure in the following year. In the words of Salter, "We can not safely conclude that tenancy is conducive to erosion. The assertion can be granted only if it has been shown that the erosion has been going on all the while that tenants have been on the farm."<sup>39</sup>

The only available data in Egypt touching this subject is the continuous decline in the average output per feddan of most of the agricultural crops during recent years when tenancy has become extensive and has represented 61 per

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<sup>38</sup>A. Kuiming Chiu, "The Division of Rent Between Landlord and Tenant in China," Journal of Farm Economics, XI (October, 1929), 653.

<sup>39</sup>Leonard A. Salter, Jr., "Cross-Sectional and Case-Grouping Procedures in Research Analysis," Journal of Farm Economics, XXIV, 772.

TABLE XVI

DECREASE IN AVERAGE OUTPUT PER FEDDAN 1935-1947<sup>a</sup>

| Year                    | Corn<br>(Ardab) <sup>b</sup> | Millet<br>(Saify)<br>(Ardab) <sup>b</sup> | Barley<br>(Ardab) | Sugarcane<br>(Kentar) <sup>b</sup> |
|-------------------------|------------------------------|---|-------------------|------------------------------------|
| Average 5 years 1935-39 | 7.45                         | 10.50                                     | 7.29              | 760                                |
| Average 5 years 1940-44 | 5.78                         | 8.93                                      | 6.63              | 637                                |
| 1945                    | 6.45                         | 7.96                                      | 6.08              | 611                                |
| 1946                    | 6.15                         | 7.03                                      | 6.05              | 611                                |
| 1947                    | 6.23                         | 7.93                                      | 5.96              | -                                  |

<sup>a</sup>Source: Agricultural and Economic Statistics, Department of Agricultural Economics and Statistics, Ministry of Agriculture (Cairo: Itmad Press, 1949), pp. 12-16.

<sup>b</sup>One ardab = 5.44 bushels  
 One feddan = 1.038 acres  
 One kentar = 100 ratl and one ratl = 0.99 pounds

cent of the cultivated area. Data from the Egyptian Ministry of Agriculture for the years 1935-1947, as shown in Table XVI, gives the average yield per feddan of corn, millet, barley and sugar cane which were usually grown by tenants. This average has clearly decreased from 6.7 ardabs to 6.2 in corn, from 10.5 down to 7.9 ardabs in millet, from 7.3 ardabs to 5.9 in barley, and from 760 kentars to 611 per feddan in sugar cane.

In fact, it is not a question of increase or decrease in output in terms of ardabs or kentars; neither is it a matter of profit or loss of landowners and tenants in terms of pounds or dollars, per se. It is far more than that. It is the depletion of the soil, the waste of potential increase in production for the present people and the coming generations in Egypt; and finally it is the continuous decrease in the national income which is the victim of the present tenancy situation.

## CHAPTER IV

### TOWARD FARM TENANCY POLICY

It has been shown in the preceding chapters that the present landowner-tenant relationship is free of any kind of state control. It is the purpose of this chapter, therefore, to present and analyze governmental intervention through answering "why" and "how" the government should intervene and "what are the effects of this new policy"?

To answer the first question, it is necessary to give considerations to:

1. Viewpoints concerning intervention in the light of public interest and social control.
2. Past governmental intervention with problems similar to that of tenancy.
3. Different recommendations offered to Egypt by some of the international organizations as means of improving the present tenancy situation.
4. Results and conclusions shown by this study through the analysis of the problem in preceding chapters.

To answer the two other questions the rest of the chapter deals with:

1. Suggestions for arrangements and regulations of the landowner-tenant relationship.
2. Favorable and unfavorable effects and impact of the suggested policy upon present-day conditions.

3. Obstacles and handicaps confronting the new policy.

### Why the Government Should Intervene

#### Public Interest and Social Control

The advocates of governmental intervention in land economics consider land property as a public utility and insist that landowners should devote their property for the public interest and the good of the commonwealth.<sup>1</sup> According to this idea, landownership is looked upon as the important institution which determines the rights and duties of the owner and the tenant in utilizing the land.<sup>2</sup> To make it clear, this viewpoint on utilizing the land says that landowners have no free rights in their properties because these rights are derived from the control of public interests and duties imposed by the state and society in order to provide security to others who share the use of the land.<sup>3</sup>

Those who hold and defend social control and public interest call for state adjustment and governmental control saying "we are the government" and "the government is the

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<sup>1</sup>John R. Commons, Legal Foundations of Capitalism (New York: The Macmillan Company, 1924), pp. 326-331.

<sup>2</sup>Renne, op. cit., p. 105.

<sup>3</sup>John R. Commons, The Economic of Collective Action. (New York: The Macmillan Company, 1950), p. 360.

people taken in mass."<sup>4</sup> Accordingly, the governments in various parts of the world have used their powers to levy land taxes, regulate irrigation and flood prevention, enact labor legislation and fix daily wages, control land settlements and zoning, and supervise markets.

In Egypt, since cultivated land is limited and exhaustive, and yet constitutes an important source of livelihood, the advocates have called for state intervention. They want to exercise restraint over the free rights of landowners in land and impose regulations and duties upon them to secure well-being among tenants and efficient utilization of land tenure. Some of them look upon the present situation from the political point of view and consider government intervention as a means of providing tenants a just share of the land income to safeguard rural people and stop the diffusion of Communistic ideas. Mr. Said Marey, member of the Egyptian parliament says,

We must find promptly a solution for the problem of farm tenancy which results in a continuous decrease in the standard of living of tenants, decline in their capacity for production, social unrest, lack of confidence between tenants and owners, and depression among the "Fellaheen." All these results will lead us in the near future to an unfavorable and unsafe social explosion.<sup>5</sup>

Another viewpoint on the subject is indicated by the

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<sup>4</sup>Renne, op. cit., p. 129.

<sup>5</sup>Letter dated February 3, 1951, to the writer, answering some questions concerning the subject of the study.



General Director of the Department of Agricultural Economics, Statistics and Legislation, Ministry of Agriculture.

He says,

There is a need for state intervention to regulate the landowner-tenant relationship upon which the social life in rural Egypt depends. Most of the landowners impose the rental value on the tenants and terminate the lease at any time they want. This depletes our agricultural production and soil fertility. The neglect of the tenant's rights in utilizing the land is an unjust and serious matter.<sup>6</sup>

Finally, the Professor of Agricultural Economics in the College of Agriculture at Fouad 1st University in Cairo says,

The present tenancy situation and rental values do not afford tenants enough net return to meet their necessary needs. Thus the present system has caused poverty in the rural areas. The government should intervene in the problem by fixing a limitation to the increase in land prices and by imposing progressive land income taxes.<sup>7</sup>

#### Past Governmental Intervention in Similar Problems

In the last years, when prices and the cost of living rose to a high level, the Egyptian government intervened in all problems in different fields of business--except farm tenancy and farm labor--and enacted necessary laws to direct the national economy. The following are some examples:

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<sup>6</sup>Letter dated January, 1951, to the writer, answering questions concerning farm tenancy in Egypt.

<sup>7</sup>Letter sent to the writer dated January 27, 1951, answering some questions concerning the problem of farm tenancy.

1. In the field of agricultural policy
  - a. The Egyptian government has fixed crop and fertilizer prices since 1944 when they reached very high levels.
  - b. From the outbreak of World War II to the present, the government has limited amounts of exports of agricultural products to keep their prices down and to meet the demands of the people.
  - c. Since 1946 it has restricted the cultivated area of each main crop such as cotton and the winter crops (shitwey), especially wheat and barley. The percentage of each crop varies in accordance to food supply requirements and local conditions.<sup>8</sup>
  - d. In 1929, owing to the great decline in cotton prices, the government issued Law No. 14, setting up arbitration committees to settle disputes arising between landowners and their tenants. This law provided that "These committees should estimate the rental values according to cotton prices and land productivity. These rents should not be less than the average rent during the preceding three years."<sup>9</sup>

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<sup>8</sup>The Second Amendment of Law No. 121 in 1946, enacted in Law No. 161 in September, 1950.

<sup>9</sup>Law No. 14 in 1921 for setting committees for conciliation between landowners and tenants, Articles 2 and 3.

- e. During the depression years between 1930 and 1932, because of the financial crisis, the government enacted three laws to grant tenants a delay in the payment of 20-30 per cent of the rental value due the landowners.<sup>10</sup>
2. In the field of industry and commerce the government has enacted a number of laws to fix minimum daily wages of workers, regulate their rights to holidays with wages, and give them compensation against accidents or ineligibility.
3. Since 1945, when house-rents reached high levels, the government has controlled the renting of houses for residence and has fixed the maximum increase in rents. The law determines the cases and conditions under which the owner has the right to ask the tenant to move. The law does not allow the lessee to be expelled from the lodging he occupies as long as he pays the rent regularly.<sup>11</sup>

#### Recommendations of International Organizations

After World War II Egypt joined the different

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<sup>10</sup>Law No. 54 in 1930, Law No. 55 in 1932, and Law No. 32 in 1932. Volume of Egyptian Laws and Legal Documents (Cairo: Ministry of Justice).

<sup>11</sup>Law No. 97 in 1945 and its Amendment in October, 1946 regulating the relationship between house owners and tenants.

international organizations and sent representatives to share their meetings and present the foremost problems that have faced the country. Farm tenancy was one of the outstanding problems discussed by these organizations, in solution of which were offered the following important recommendations:

1. In 1943, the F. A. O. (Food and Agricultural Organization) held a conference in Hot Spring, Virginia, U. S. A. and stated in the eighteenth section:

Whereas agricultural production and its degree of efficiency and the welfare of the peasants who till the land depend to a large extent on farm tenancy systems. The FAO Conference of the United Nations recommends that each government represented should make a comprehensive study of the existing methods of renting land and other agricultural relationships within its boundaries, in order to ascertain whether it is needful to make modifications in these methods and relations for the purpose of improving efficiency of production and prosperity of tenants. . . .<sup>12</sup>

2. In 1947, the Regional Conference held by the I. L. O. (International Labor Office) in Istanbul, Turkey, for the Near and Middle East countries recommended the following:

Actions should be taken for insuring security of tenancy by fixing the rental value, the share of the landowner in the land income, maximum limit of the rent in cash or in kind, written leases, compensation for improvements and permanent repairs made on the land. Facilities should be provided to enable the tenants to purchase land, and the legislation

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<sup>12</sup>Report of the Egyptian Delegation to F. A. O. Conference in the United States (Cairo: Government Press, 1944), (Arabic), Section 18, p. 83.

should provide tenants the right of pre-emption in case of sale of the parcel he cultivates.<sup>13</sup>

3. Another valuable recommendation concerning farm tenancy in Egypt was made in 1948 by the Regional Conference for the Near East Countries, held by F. A. O. in Cairo:

In view of the fact that methods of farm tenancy have set limits to improvements in production and deprived tenants of new methods of cultivation and modern technology, resulting in depletion and deterioration of soil fertility and lowering the level of living among tenants. . . arrangements should be made to insure stability of tenants' occupancy by fixing land rents, the landlord's maximum just share in income. . . .<sup>14</sup>

#### Results Shown by This Study

Through the analysis and discussion of the present tenancy situation, it is shown in Chapter II and again in Chapter III, that under conditions of high aggregate demand for land and the competition among tenants on one side and the inelastic supply of the limited cultivated area with the monopolistic position of landowners on the other side, rent has reached exorbitant rates. The study has indicated, also, that because of the high rents, coupled with the decrease in land productivity, the tenants find it difficult either to pay their rent or to meet their necessary needs of life. It is apparent from the presentation of landowner-

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<sup>13</sup>Unpublished report of the Egyptian Delegation to I. L. O. Conference in Istanbul. Ministry of Social Affairs. (Arabic), 1947.

<sup>14</sup>Unpublished report of the Egyptian Delegation to F. A. O. Conference in Cairo. Ministry of Social Affairs, 1948. (Arabic.)

tenant relationship at the present time that the owners hold a powerful position, neglecting and exploiting the tenants, who are forced to accept their severe requirements because tenancy is obligatory on them and they have no alternatives. Furthermore, the tenants are forced to exhaust and exploit the land to get maximum production possible during the short lease period because they have no feeling of security or stability of occupancy and are liable for the exorbitant rent. In addition, the tenant has no right to make a claim against the landowner for compensation for any permanent repairs and unexhausted improvements he may make on the rented land. This situation has resulted in the depletion and erosion of the soil in which Egyptian life is rooted. It has also diminished land productivity and thus affected the national income of Egypt which is predominantly an agricultural country.

### Conclusion

It thus appears, through the foregoing presentation and analysis, that there is crying need for some kind of governmental control and regulation to provide tenants and landowners equitable distribution of income and expenses, to protect tenants against free rights of landowners, and to insure the tenants' equality and security. The high prices of land, coupled with the absence of a farm credit system and the concentration of landownership in the hands of a

few, call for efficient arrangements to aid tenants in purchasing land and climbing the agricultural ladder. It becomes fundamentally necessary to plan regulations for the terms of written leases, compensation for repairs and unexhausted improvements, termination of tenancy, renewal and continuation of the lease, adjustment for emergencies and unexpected events, and the arbitration of differences and disputes between the two parties. Such arrangements and improvements of tenants' situation are without doubt the first step toward better rural life and better agriculture in Egypt.

The significance of these arrangements for satisfactory leasing is indicated by the fact that the cultivated land operated by tenants in Egypt has expanded during the last twenty years from 14 per cent in 1929 to 61 per cent in 1949.

In short, there is an initial need for an integrated program and comprehensive reconstruction to be made for soil conservation and the tenants' salvation.

#### A Proposed Tenancy Program for Egypt

In a program for improving the present tenancy situation in Egypt, and for approaching its problems, the facts and conclusions provided by this study, as well as other economic and social factors need to be considered carefully.

In the light of all available data, including other suggestions which have been offered, the writer suggests the following program for government intervention and for a new policy in the field of farm tenancy and other related problems. The appraisal and consequences of this new policy including favorable and unfavorable effects are also presented.

The writer hopes that his Egyptian government will carry out this proposal program for the social values and the welfare of the majority of rural people.

A. Regulating Landowner-Tenant Relations

The following regulations are suggested to be included in a law to be put in effect simultaneously in the near future as soon as possible.

1. Written leases: The lease should be written in three copies and based on a definite printed contract form prepared by the government. One copy should be kept by the tenant, the second by the owner, and the third approved and registered by the governmental local agencies where these copies would be kept in files.

(a) Favorable aspects of written leases: The importance of written leases seems self-evident, since most present lease arrangements are oral, and even those which are written are drawn in one copy, with the items and obligations inserted by the landowner and the copy kept by him.



Formal leases issued in triplicate would be a means of establishing the relationship between the two parties on clear, strong, and legal foundations.

(b) Unfavorable aspects: Since most of the tenants are illiterate, they would neither understand the contents of the lease nor oppose the landowners' wishes. They might, therefore, seal or sign the leases in blank, and the landowners could then insert or add items favorable to their own benefit. In order to combat such situations, the local governmental agencies should insure that the tenants learn the contents of the lease and through educational programs should clarify the importance of written leases and the processes of registration, so that the tenants might have a clear understanding of the system. The Rural Social Centers set up in many villages in rural areas could serve in this respect through the agricultural social workers, who are local residents of the villages. Because of the very nature of their work, they are in direct contact with the fellaheen, helping and advising them.

In short, without mutual regard and consideration between the landowner and his tenant, written leases may not reach their highest degree of service.

2. Increasing security of occupancy. In order to maintain security and stability of occupancy among Egyptian tenants, the following suggestions are offered:

(a) Long-term leases. According to the duration of

crop rotation in Egypt, which varies between three and five years, five years is suggested to be the duration of long-term leases.

(b) Automatic renewal of leases. As long as the tenant complies with the lease requirements, the lease should provide a provision for automatic renewal unless the owner wishes to operate the land himself. In this case, the landowner should be required to send a registered written notice to the tenant six months before the termination of the lease, and if the tenant then desired to leave the land before expiration of the lease he should also give six months' notice to the landlord.

(1) Favorable effects: It has been shown through the preceding study that at the present time the landowner has the free right to expel the tenant, or to terminate the lease, if it is written, at any time he wishes. Such tenants have no assurance that they will remain on the same land beyond the period of the lease. "In the long run, this insecurity of the tenant is also detrimental to the landlord, because it invites erosion, fertility, depletion, and negligence in maintaining the improvements and combatting noxious weeds."<sup>15</sup> Long leases would permit long-range

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<sup>15</sup>Marshall Harriss, Farm Tenure in Iowa, Bulletin 371 (Ames, Iowa: Agricultural Experiment Station, Iowa State College of Agriculture and Mechanic Arts, April, 1938), p. 12.

planning in crop rotation and improvements. This would encourage tenants to add more fertilizers and make necessary repairs, because they would get the benefit of them, while at the same time such improvements would add value to the rented land. From the landowner standpoint, Holmes says, "Frequent change of tenants is one of the greatest sources of loss to a permanent landowner."<sup>16</sup> Another advantage of the long term lease is that it enables the capable, ambitious tenant to climb up the agricultural ladder, and to take advantage of the productive capacities of the land.

(2) Unfavorable effects: One of the main disadvantages of long-term lease and the renewal continuation is that if the two parties are not satisfied or have disagreements the lease will not run smoothly, especially if the landowner wants to sell his land in a specific time at a desirable price.

3. Compensation for permanent repairs, unexhausted improvements. Compensation for improvements and repairs:

Compensation for improvements refers to the payment which is made by the landlord or by the incoming tenant to the outgoing tenant for the unexhausted value of improvements which the outgoing tenant made during his occupancy of the farm or for which he compensated the previous tenant with the consent of the landowner.<sup>17</sup>

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<sup>16</sup>G. L. Holmes, Drawing Up the Farm Lease, Circular 87 (Iowa Agricultural Experiment Station, 1923).

<sup>17</sup>Marshall Harris, Compensation as a Means of Improving the Farm Tenancy System, Land use planning Publication No. 14 (Washington, D. C.: United States Department of Agriculture, February 1937), p. 4.

(a) Favorable aspects of compensation. This study has revealed that the extent of tenancy, coupled with the right of landowner in not paying the outgoing tenant the expenses of the improvements which he may have made even under his agreement has resulted in continuous decline of productivity of land (Chapter III, last part). That means that if the tenant makes any necessary improvements the landowner will receive their benefits. Without doubt, paying compensation to tenants would increase their interest in the land and thus increase its productivity and their return. "Returns of tenants, however, depend upon. . .provisions in their rented contract providing compensation for improvements they make."<sup>18</sup>

On the other hand, if the tenant is to be compensated for improvements, it is also fair that the landowner should be compensated for any damage to or deterioration of the rented land, caused by the tenant. For instance, deterioration cases include cutting of trees, infestation of land with noxious weeds, and improper use of land and house if it is rented. In fact, it is already a common practice for landowners to force tenants to pay these compensations, which are always exaggerated in estimation. With a fair provision for compensation for deterioration as well as for

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<sup>18</sup>W. E. Hendrix, "A Study of Farming in the Sandy Creek Area," Georgia Agricultural Experiment Station Bulletin 203 (November, 1939), p. 30.

improvements, the tenant would have an incentive in two ways: he would be paid for doing good work and would have to pay for being negligent or careless.

Because of the importance of this problem, most of the agricultural countries have enacted laws providing compensation for deterioration and improvements. In England and Wales, the Agricultural Holding Act of 1923<sup>19</sup> gives the tenant the statutory right to claim compensation for the unexhausted value of a specific list of improvements which he may have affected on the farm. In the Netherlands the Farm Tenancy Act of 1937<sup>20</sup> regulates in considerable detail landlord and tenant relations and provides for compensation for improvements which the tenant may have made during the last ten years of his lease. Belgium passed a national law providing for compulsory compensation in 1929. Lastly, in Mexico, as provided in the Mexican Civil Code of 1928, the agricultural tenant of Mexico is compensated for improvements made by him.<sup>21</sup>

(b) Difficulties involved in compulsory compensation.

(1) Deterioration and unexhausted improvements are not easily measured or determined because there is no

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<sup>19</sup>Adapted from "Agricultural Landlord-Tenant Relations in England and Wales" by Marshall Harris and "Agricultural Legislation," by International Institute of Agriculture.

<sup>20</sup>Ibid.

<sup>21</sup>Ibid.

accurate estimate of the amount of improvements made by the tenant and whether they are exhausted or not.

(2) In the case of share rent and share cropping, where the landowner and the tenant are sharing the costs of production, it is difficult to determine who will pay the compensation.

(3) Since the appraisal of the degree of deterioration and unexhausted improvements is intangible and not accurate, clauses of compensation may not be thoroughly effective.

4. Arbitration of differences and disputes. The suggested law and lease should include a provision calling for settlement of differences by arbitration. All complaints concerning the tenancy problems should be heard by a special regional court in the city of the "Markaz," consisting of the county judge as chief and four members, two official specialists, and two arbitrators as representatives selected by both landowner and tenant. These regional courts should be given the right to make final decisions.

5. Formation of organizations. The tenants should be given legal right to be free to form unions or organizations in order to work together defending their benefits, organizing their efforts, and in general, expressing themselves in processes of collective bargaining.

6. Prohibition of public auction and subletting. It has been shown through Chapter III that because of the high

demand of tenants for renting land, large landowners always rent their land by public auction, which enables middlemen to arise between landowners and tenants. These middlemen sublease the land at a higher rent to small tenants with an increase averaging L.E. 10-15 (\$40-\$60). It is therefore suggested that this system should be prohibited. The owner should either operate and manage his own land or lease it directly to those who are able and willing to cultivate it.

7. Old debts. As most of the tenants are deep in old debts because of their inability to pay high rents, the suggested law would provide a clause allowing small debts to be paid in long-term installments. Debts above a specified limit would be either abolished or paid by the government as was done for many landowners who owed banks during the years of depression (1929-1933).

#### B. Fixing Rental Values

When the analysis reaches the point of fixing land rent, these questions may rise in our mind: "What is the rental value which can be fixed in Egypt to secure fair distribution of land income between the landowner and the tenant?", "How could it be fixed through the whole country?", and "What criteria are to be used when determining the rent?" It is not possible to arrive at any sound standard of value unless the following facts are kept in mind:

1. The wide variation of soil fertility and land

productivity, since one feddan may produce two kentars of cotton while another produces six kentars in the same period of time.

2. The difference in methods of irrigation, whether it is perennial or basin, since the tenant can cultivate two or three crops on his land during one year in the former method while he cannot cultivate more than one crop under the basin system.

3. The wide variation in prices of farm land in the new reclaimed areas in Foudia, Behera, and Fayome Provinces, where the prices range between L.E. 100-150 (\$400-\$600), while they are L.E. 600-700 (\$2,400-\$2,800) per feddan in Giza, Kalichia, Menia and Girga Provinces.

4. The different locations of crops, since rice, cotton, corn, and barley are sown in Lower Egypt, while sugar cane, onion and millet are cultivated only in Upper Egypt.

Having all these facts in mind it can be said that fixing one level of rent for the whole country is impossible and unfair. Due to this fact, the writer suggests the following method:

(a) The cultivated area should be divided into sections of close similarities and equal values.

(b) Regional committees should be set up, consisting of a representative from the Ministry of Agriculture, another from the Ministry of Social Affairs, and three local



experts to be selected among landowners and tenants.

(c) These committees would study all available data affecting rent and give a grade appropriate to the section. These grades would be 1, 2, 3, 4, i.e., grade 1 the land of high fertility, adjacent to city, having all facilities of irrigation and drainage. These bases of grading should be made by experts in the government; and the grades should be printed and distributed among the committees, and available to all landowners and tenants.

(d) Rents would be assigned to each grade according to an accurate estimation based on economic and social studies, after considering all factors of production. These rates should be human rent to secure fair distribution of land income between the landowner and tenant and to enable the tenant to have a share of land income after deducting all explicit costs, unpaid family wages, the labor of live-stock and implements, and the rent of his house.

(e) After fixing rental values to all the grades of land, the government should fix a yearly percentage to be added or subtracted from this rent according to the fluctuation in prices, production, and cost of living. The yearly percentage would be announced to the people at the middle of the agricultural year.

(f) For example, on a grade 3 farm which has a fixed rent equal to twenty pounds, and a standing rent value of two kentars of cotton and three ardabs of both wheat and

corn, assuming that the government announced an increase of 10 per cent this year, the rent would be respectively L.E. 22 cash rent and an increase of 10 per cent in amount of kind rent.

(g) In the case of share rent, where the tenant is bound to offer a specified share of a certain crop to the landowner, the value of this offered share would not exceed the fixed cash rent apportioned and relevant in the area.

#### Consequences of Fixing Rent

Favorable consequences. 1. Data in Chapter III reveal that rental values per feddan at the present time range between L.E. 20-35 (\$80-\$140) and in some areas of high congestion reach L.E. 60-80 (\$240-\$320) per feddan. It has been found through this study that this exorbitant level of rental value cannot offer the tenant a fair return either to make a profit or to live a decent life. Accordingly, the first effective means of treating the present tenancy situation is the fixing of rent. It would try to eliminate the main problem by attacking it at the source. The new fixed values will be less than the present rates; thus they will secure a fair share of land income to both the tenant and the landowner.

2. The main alternative to fixing land rent from the economic standpoint, would be to take all possible steps to reduce the free play supply and demand fluctuations. These

fixed rental values would be guaranteed prices, year after year, they would be also supply and demand prices. By this means, tenants can and should be insulated against those ups and downs in rental values which have resulted in uncertainty and instability.

3. There is still another favorable consequence which is to some extent implied in some of those already mentioned but which is sufficiently distinct to warrant separate mention. This is the idea that government pricing rent, will provide reasonably stabilized decent incomes to the large tenant group who are now suffering from deadly poverty, oppression, exploitation and very low standard of living. Lowering rental values will protect them and the nation from potential wide diffusion of Communistic propaganda which by this action and other suggestions in this program, would be eliminated.

Unfavorable consequences: 1. The opposition of landowners. The landowners in Egypt, having free rights at the present time, coupled with various privileges over tenants, will oppose governmental intervention involving the fixing of rents, and compulsory compensation. They hold and defend the economic doctrine of laissez faire<sup>22</sup> and free

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<sup>22</sup>Laissez faire means, "The economic affairs of society will in the main take care of themselves if neither the state nor any other body armed with coercive authority, attempts to interfere with their working as determined by the individual action of men" (G. D. H. Cole, "Laissez-faire," Encyclopedia of the Social Sciences, Vol. IX, 15. This system derives from eighteenth century France and in 1776 Adam Smith in his book Wealth of Nations, explained the system of free enterprise.

enterprise which gives free play to the law of supply and demand, free competition and free price and labor bargaining without any restriction. One of the large landowners in Garbia province says, "In my opinion, there is no necessity for government intervention because landowner-tenant relationship takes care of itself and is naturally organized. The present methods of renting land and the rates of rental value encourage and sharpen the competition among tenants."<sup>23</sup>

This opposition to the new policy is expected from now because as Salter says, "Land tenure has always created a close association of interest between those who center attention on problems arising out of the support of government."<sup>24</sup>

It is hoped and expected, after a period of time, and through educational programs and explanation of the benefits of new law, landowners will consider the need, the importance and results of this action. Most of the large landowners are highly educated, and thus they will appreciate this new policy and learn that its broader purpose is to produce a design for the effective living of rural peoples. They will accept this imposition of duties gradually and such practices will become customary.

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<sup>23</sup>Letter dated January 27, 1951, to the writer, answering some questions concerning the problem of tenancy.

<sup>24</sup>Leonard A. Salter, Jr., A Critical Review of Research in Land Economics (Minneapolis: The University of Minnesota, 1948), p. 214.

2. The tendency of some landowners to operate their land instead of renting it:

Because of the fixing of rental values, which, owing to the restrictions and regulations enforced upon landowners would be below the present rates, it is expected that some landowners, especially the small and medium ones, would be unwilling to lease their land at a rent less than before. They would prefer to cultivate their land for themselves by managing it and hiring agricultural laborers. There is no existing power to compel this group of landowners to rent their land.

3. Administrative difficulties:

Since the landowner-tenant relations are more personal and social rather than formal relations, there would be obstacles against controlling the effectiveness of fixing rental values. In addition, as mentioned before, since most of the tenants are illiterate, they would neither understand the contents of the lease nor oppose the landowners' wishes. They might sign the leases which include rental values less than the actual ones. But, after a period of time, they might have a clear understanding of their rights involved in the new system.

4. Increase in farm laborers:

One of the direct consequences of fixing rent would be the increase in farm laborers and decrease in tenants. As for the former, the fixing of wages of farm laborers is

designed to meet the situation. As for the shift of tenants down to laborers this problem will be treated afterward by absorbing them through enabling them to purchase land, through distribution of government reclaimed land among tenants, and through industrialization.

C. Fixing Minimum Wages of Farm Laborers

As was indicated in the above discussion an increase in farm laborers would be expected with some of the tenants becoming hired workers in agriculture. In order to balance the situation, the daily wages of laborers should be raised. On one hand, this action would keep the income of tenants and farm laborers at the level which would provide them reasonable return. On the other hand, the landowners would not find more profit in operating land than leasing it to tenants. This action is fundamental and fair, because it has been shown that the daily wages of laborers in agriculture are very low, averaging about eighty milliems (thirty-two cents). It has been shown, also, that they work only about 180 days per year. That means that the factual daily wage is forty milliems (sixteen cents), if it is computed through the whole year. Thus, it is apparent that it is necessary and fundamental for the success of the new program to raise the daily wages for farm laborers as the government did in 1943 for workers in industry and commercial institutions.

This discussion may lead to the question, "Why do

landowners not use machines in agriculture instead of farm laborers since their wages will increase costs of production?" It is realized in Egypt that the fertility of the soil and its easy cultivation coupled with the lack of machine-dealers in rural areas for repair and replacement would not induce the widespread use of machines in agriculture in the near future. All agricultural pests and insects, especially cotton leafworm, should be controlled and combatted by agricultural laborers. In addition, the prevailing small size of holdings of five acres and less which constitute the majority of land ownership in Egypt make it, if not impossible, at least impractical and uneconomical for labor replacement by machines. All these facts indicate that the substitution of machine for human labor will be limited. It might happen on farms of large landowners, but not under all farming conditions.

D. Reducing The Tenants' High Aggregate Demand for Land by Land for Tenants and Industrialization

It has been shown that tenancy is becoming extensive; the cultivated land operated by tenants in Egypt has expanded during the last twenty years from 14.4 per cent in 1929 to 61 per cent in 1939. Some factors are responsible for this rapid growth of tenancy, such as; (1) Tenants, having no other alternatives, are forced and obliged to stay on their rung in the agricultural ladder, and they increase in

number rapidly.

(2) The permanent sub-division in land ownership according to Islamic law of equal inheritance by all male children, has increased continuously the number of small landowners who own less than five acres. In 1945 this group of landowners was 2,446,953 or 93.9 per cent of the total landowners, and this large number lease extra land to increase their income and to meet their families needs.

(3) The high land value coupled with the lack of long term credits are insurmountable handicaps to small landowners and tenants who want to purchase land, and consequently they enter the market of tenancy which is open to them all.

(4) The full tenants and part-tenants all are packed together on the limited cultivated area, resulting in high aggregate demand for land and rapid expansion in tenancy.

The following program is suggested to solve this problem and to enable the increasing numbers of farm tenants to enter into sound relationships with the land they till and the rural communities in which they live.

1. Land for tenants. Without doubt, the ultimate goal of Egyptian tenants, like other tenants, is to own the land they till and to be free from the oppression and exploitation of the landowners. Other countries, such as England, Ireland, Denmark and Romania, have tried many projects toward land ownership for tenants. In Ireland,



since 1870, tenancy has been reduced from 97 per cent to 3 per cent through the Ashbourne Acts of 1885 and 1891, Wyndham Act of 1903, and lastly the Act of 1935.<sup>25</sup> All these acts aided the acquisition of land by tenants through distribution of large estates among tenants and facilities for purchasing land. The money required for this large purchase program was raised through the issuance of bonds at a low rate of interest. In England the Act of 1892 was passed to assist tenants to purchase small holdings through loans up to four-fifths of the land price.<sup>26</sup>

In Egypt, the government owns 150,832 feddans reclaimed and operated at the present time by the government authorities. In addition, the Ministry of Wakfs supervise and operate 149,945 feddans of Wakf which is considered legally and economically an immobile ownership. The government also owns about 1,800,000 feddans which are at the present time under reclamation and need a greater supply of water to be cultivated which will be available after the establishment of Tana Dam. These areas, amounting to 2,108,777 feddans, could be divided into family size farms averaging five feddans and granted to about 4,000 tenants for a long-term lease of about twenty years. After this period, the

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<sup>25</sup>Farm Tenancy, Report of the President's Committee, Washington, D. C.: U. S. Government Printing Office, February 1937.

<sup>26</sup>Ibid., p. 79.

parcel would be owned by the tenant.

The purpose of this long-term lease instead of direct present ownership is to prevent the tenants from selling his unit and to safeguard it from the subdivision among the children after the tenant's death.

In order to enable other tenants to purchase land, long-term credits at low interest could be granted to tenants. These loans could be offered by the Agricultural Credit and Cooperative Bank of which half the capital is owned by the government. In the United States, the Bankhead Jones Act of July, 1937, was established to aid tenants in purchasing farms under the supervision of the Farm Security Administration.

In Egypt since the funds available will be limited, the Rural Social Centers and Village Councils could be given the authority to select tenants to be granted loans on the basis of character, ability, and experience. In order to supervise the chosen tenants and secure adequate protection on the investment, the same agencies could require land mortgages, personal notes, or other satisfactory guarantee from the applicants. In addition, these local agencies can also certify the amount to be loaned in order not to have these tenants loaded up with debt they can not pay.

Another subject related closely to purchasing land is the high value of farm land, which fluctuates between L.E. 300-800 (\$1,200-\$3,200) at the present time. If this price

should not be fixed at a lower level, the credits granted to tenants will not serve effectively and will go to the pockets of landowners. To face this situation, it is suggested that the price of cultivated land be fixed after it has been graded in the same way as that suggested in fixing land rent.

#### Potential Consequences of Land for Tenants Program

(a) The conversion of about 4,000 families of tenants into stable, secure, small landowners.

(b) The reduction of the total number of tenants in the market of tenancy and the natural decline of rent.

(c) The efficient use of government lands which do not provide profit at the present time because of the complicated routine work and high administrative costs.

#### 2. Industrialization.

(a) Large scale industry: The second solution for the problem of high aggregate demand for land among tenants is large scale industrialization. Its expansion is a fundamental need in Egypt to absorb the surplus of labor force in agriculture, to reduce the pressure of tenants over the limited cultivated area, and finally to aid Egyptian farming in meeting the needs of the present and future large population for better living. It has been pointed out through the preceding chapter that the agricultural land is overpopulated in the sense that there is a surplus of farm people which could be taken away without affecting the total agricultural

production. That means that the present amount of agricultural products could have been produced by only one-fifth of the present number of tenants and farm laborers.

Without doubt, industrialization would be the most effective method to absorb this surplus of agricultural people, and the best means of shifting the large amount of capital invested now in agriculture or kept dead in Banks. This industrial development would begin first with the manufacture of agricultural products, such as cotton, sugar cane, fruits, and vegetables for local consumption and distribution in the Middle East.

(b) Rural industries: The study has shown that most of the tenants and agricultural workers remain idle about half the year especially in basin irrigation areas. In order to enable them to use their leisure time profitably and thus to increase their annual income or to sway some of them toward cottage industries, rural handicrafts should be developed in Egyptian villages. These small industries could produce a variety of goods, such as carpets, rugs, blankets, popular cloth, baskets, fences, ropes, brooms and poultry coops. These rural crafts would utilize raw materials obtainable in different localities such as palm tree fibres and branches, rushes, reeds, and wool of sheep and camels. Rural Social Centers and Rural Industrial Units could make sound contribution in this field.

### E. Reducing Large Land-Ownership

It has been shown in Chapter II and again in Chapter III, that the parcelling out and concentration of large land holdings is in very few hands, while the majority of the farm people are either landless or owners of tiny pieces of less than half an acre. To show the situation in more striking figures, it can be said that 195 large landowners hold an area equal to that owned by about 1.5 million of small landowners with an average of about nine thousand feddans each. To solve this problem and to make restriction for large landownership in Egypt the following is suggested:

(1) Redistribution of land ownership. It has been suggested that redistribution of land ownership be made after fixing the maximum limit of property, but due to the social and political situation in Egypt, it seems that this is not a practical plan.

(2) Taxation. One of the main reasons for the existence and expansion of large estates in Egypt is the very small proportion of land tax paid by those landlords compared with their excessive net returns out of land. In order to make land tax in Egypt an effective means of social security, the present system should be modified by imposing a progressive land tax, an income tax, and by increasing the inheritance tax. These taxes are the fairest and most effective means of social control.

Consequences of taxation:

(a) To restrain large landowners from expanding their property to more than the specified limit beyond which owning land would be non-profitable. Consequently, they will invest their capital in industry.

(b) To give tenants a chance to buy the reclaimed land.

(c) To increase the state budget with this additional asset which can be used specifically for granting loans to tenants, reclamation of land or for social welfare projects of tenants and farm laborers.

Finally, it should be mentioned that if rental values and other suggested plans are not fixed or carried before imposing and increasing taxation of land, this new tax would be derived from tenants.

F. Increasing Supply of Land

It has been indicated several times through this study that the present physical and economic supply of land in Egypt is limited because of geographical factors, irrigation problems, and the scarcity of rainfall. The economic supply is limited because of the opposition to mechanization, coupled with undeveloped techniques, the illiteracy of the majority of the farmers, and finally the uncoordinated development of irrigation in the cultivated area. To increase the supply of land the following is suggested:

1. To establish the needed dams at the source of River Nile to prevent the waste of water and to reserve it for the use in reclamation and irrigation of extra cultivated area. To meet the financial difficulties, the government can issue bonds which will be bought by the Egyptians and which will cover the costs of these dams. The direct outcome is the conversion of about one million feddans now under basin irrigation to perennial irrigation and the reclamation of about two million feddans in Lower Egypt now in need of reclaiming.

2. To increase productivity of the land by adoption of technological methods and effective systems of drainage.

3. Point Four Program as a means of increasing the supply of land in Egypt.

As was explained by President Truman in January, 1949, and by Mr. Philip M. Kaiser, Assistant Secretary of Labor in October, 1949, the Point Four Program is to offer technical assistance to people who are "facing the problem of developing and expanding their economics so that they can live at a decent standard of living--free from the turbulence and despair caused by hunger, ignorance and deadly poverty."

Egypt can get from the United States, according to

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<sup>27</sup>Philip M. Kaiser, Labor and Point Four, an address by the Assistant Secretary of Labor at the New School for Social Research, New York, October 17, 1949 (Mimeographed).

this Program, machinery for irrigation and farming, to improve progressively standards of living among tenants and small landowners through increased productivity. In addition, Egypt can be offered also, experts and experienced personnel in the field of land economics, flood-water control and the establishment of dams.

G. Improving Social, Hygienic and Educational Conditions Simultaneously

It has been shown through Chapter II that malnutrition, bad housing, illiteracy and low incomes of tenants are interwoven with each other and they are largely responsible for poor health, low productivity, and early deaths with very high death rate. It is realized as a matter of fact that there is no use improving the economic conditions of tenants, if they are not taught how to use the scientific improvements in agriculture and if they are not cured of different kinds of diseases which they have at the present time. But there is no use educating the tenant who cannot maintain a reasonable level of living--education may be harmful in such cases. There is no use curing tenants with medicine if they cannot afford to buy it. Lastly, there is no use curing the tenant of Belharzia and of Hookworm if he is not taught not to drink from the irrigation canal which is infected by these worms.

There should be an integrated program, comprehensive



plan, and coordinated projects to treat the economic, health, social, and educational problems of tenants simultaneously. In his letter to the writer, H. E. Hussen Enan Pasha, the past Egyptian Secretary of State for Agriculture, says, in essence, "As long as we have ignorance and illness among tenants, economic reforms alone will not solve the problem of tenancy and other related problems. They must all be attacked together, if effective results are to be attained."<sup>28</sup>

### Conclusion

In reality, as the writer has planned the preceding program, on the basis of the results provided by this analysis and information gathered in this study, the ultimate goal is social justice, equality, and decent income for tenants so they can live like human beings. The problem of farm tenancy in Egypt is not merely a problem of the lease items or the rental values; it is far more than that. It is the problem of a wide gap and a lack of mutual cooperation and social understanding between the landowners and tenants who form the two extremes of Egyptian society. The wide gap in the social structure between the very high and the very low groups must be eliminated. It is through this gap that

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<sup>28</sup>A letter sent to the writer, dated February 10, 1951 answering some questions concerning the problem of farm tenancy.

Communism could enter, holding out all sorts of false promises to the underprivileged. To combat this danger, no economic discrimination, no land aristocracy, no persecution and oppression must be allowed among the "fellaheen" of Egypt. For the benefit of this majority of Egyptians and for the good of the commonwealth there should be no consideration of the personal interests of large landowners. The welfare of this large tenant group must be put before all other considerations.

## CHAPTER V

### SUMMARY AND CONCLUSIONS

As stated in Chapter I, the purposes of this study are to discover whether the present tenancy situation in Egypt gives the landowners unfair advantages and privileges over tenants, to determine the casual factors affecting the high rental value, to find out whether these rentals enable tenants to gain or to lose, to ascertain the effects of tenancy on soil conservation, to see if any alternatives are offered to tenants, and finally to determine whether there is need for governmental intervention to fix the rent and regulate landowner-tenant relationship by law and what might be the impact of this intervention upon the present situation.

Data used in this study show that Egypt is an agricultural country where 75 per cent of the population, or 14.4 million, are rural people packed into a constricted narrow area and entirely dependent on agriculture. Because of overlapping and duplication among small landowners, tenants, and farm laborers, the Egyptian Census does not show the accurate number of tenants, although the number is estimated at three millions. Tenancy is becoming increasingly extensive. From 14.4 per cent of the cultivated land in 1929, the area of land rented has expanded rapidly to 24 per cent in 1939 and 61 per cent in 1949.

There are many variations in systems of renting land in Egypt, due to such factors as type of farming, crop rotation, fertility value of soil irrigation methods, and the prevailing conditions of social relationships existing between landowners and tenants in different provinces. These systems include cash rent, standing rent, share rent, share cropping or a combination of two of these systems. Share rent is considered more equitable than others because (1) it suits the majority of the poor tenants who are not able to pay all the costs of production; (2) the risk of both production and price decline is divided between the owner and the tenant; (3) the owner is willing to stay on the farm and make needed improvements.

Even under the best of these systems, however, the landowners have unfair advantages and privileges over their tenants. Many of the leases under which the rented area is operated are nothing more than oral agreements. Even the written leases--for which there is no standardized form--are usually drawn in one copy to be kept by the landowner who writes the items of the lease for his own personal benefit. The landowners, having free rights and absolute power, look down upon tenants and make claims on them for serious obligations and severe requirements in the manner of the hereditary feudal aristocracy which Egypt has had since the Pharoahs and the Feudal Age (2500-2800 B.C.). Consequently, there has never been any real help, respect, or cooperation

from the owners, only exploitation and inconsiderate treatment. The landowner has absolute right to terminate the lease and expel the tenant before the expiration of the lease for any reason the owners claim to be valid, without being compelled to pay any compensation to the tenant. In addition, the tenant has no right to make a claim against the landowner for compensation or reimbursement for the permanent repairs and unexhausted improvements he may make to the rented area. Furthermore, if the tenant defaults because of the natural hazards or disease which may damage the crop or livestock and even the tenant himself, the landowner terminates the lease promptly, and the tenant is liable and obligated to pay the balance of the rent. In large estates owned by absentee landowners, the agents (Nazir), having no interest in the tenants or in the land, add more trouble and make the tenant-landowner relationship worse.

Data used in this study reveal that in the present economy of Egypt there are two major unique characteristics to which the problem of tenancy has been attributed: the scarcity of cultivatable land, and the excessive natural increase in population. Out of the total area of 386,000 square miles, the inhabited and cultivated area is 13,590 square miles, or 3.7 per cent. Agricultural land is restricted in the narrow strip of the Nile Valley which is bounded on both sides by the Mokattam Mountains and the vast Sahara desert. The physical and economic supply of

cultivated land is fixed and is inelastic because: (1) Egypt is a dry country with an average rainfall over the entire country of only about 0.1 inches; (2) the potential increase in cultivated land is restricted by the supply of stored summer water of the River Nile, an adequate amount of which is controlled not by Egypt but by others, such as the British government which has political problems with the Egyptian government and which dominates the countries around the sources of the river in the equatorial regions of Africa; and (3) the lack of technology in farming and the widespread use of the primitive agricultural implements in irrigation and in farming land.

In spite of these disadvantages, however, the aggregate demand among tenants for renting land is very high because of (1) the high rate of increase in population due mostly to a high birth rate with an average of forty per thousand; (2) the high density of rural population averaging 1,422 persons per square mile of cultivated land; (3) land hunger among tenants who are searching desperately for land because of the tradition among Egyptians that land ownership is associated with social prestige, personal respect, and privileged position; (4) the concentration of land in the hands of the few--a privileged minority of landowners; (5) the tenants' inability to climb the agricultural ladder due to the high value of farm land, the lack of long term credits to buy land, and the high amount of capital required

in farming; (6) the miserable working conditions of the hired farm laborers so that tenants cannot be persuaded to work as full-time workers; and (7) the lack of large scale industry and extensive commercial activities which could absorb a number of tenants.

From this analysis it might be concluded that tenants have no other alternative than to stay packed together on the limited area available for renting. All these factors, combined with the oligopolistic position of landowners and the pure competition among tenants, have resulted in a very exorbitant level of rental value. From L.E. 5.1 (\$20.40) per feddan in 1932-33, the rates increased to L.E. 19 (\$76.00) in 1944-45, and then jumped to L.E. 23.3 (\$93.20) in 1947-48. In some areas of high congestion, the cash rent per feddan reached, in the last few years, fantastic rates, ranging between L.E. 60-80 (\$240-\$320) per feddan.

It has been found through this analysis that the very high rent, coupled with the decline in output per feddan and the constant increase in costs of other productive agents such as fertilizers, seeds, irrigation and wages, cannot offer the tenant fair return to make any profit. The data show that the average cash rent exceeded the net income per feddan by an average of 12 per cent during the period 1938-1946, and the rate of increase in rental value exceeded that of crop prices. It has been found also that most of the landowners, including the governmental authorities

(Department of Public Domain), prefer to rent their land to secure an assured high profit from high rent. Because of the exorbitant rates, tenants are unable to pay the yearly rent. Their livestock and personal properties can then be foreclosed or mortgaged to pay the accumulated rent, and as a result they are sinking into debt and virtually into serfdom to the landowners. Thus, tenants remain permanently indebted, chained by these debts and cannot move to another farm for fear of their cattle being seized by force and sold. Because such tenants have lost all hope of paying their old debts, they frequently commit illegal acts and are forced to steal a part of the crop.

Another contributing factor to the tenants' financial insecurity is their illiteracy. Most of them are unable to keep any kind of farm records, are unable to read agricultural documents, and thus have to depend on their experience and memory. The tenant considers any money remaining after deducting the explicit costs (cash expenses) from the roughly estimated gross income as profit. This so-called "profit," includes such items of implicit costs, such as payment for his work as a skilled laborer and manager, unpaid wages for his family, costs of using his agricultural implements, wages of his cattle as they are hired, value of clover and hay raised on the land and used by his livestock, value of manure which his buffalo or cow provides and finally the value of his house rent. On the other hand, to cover the



difference between rent and value of crops, the tenant and his family are forced to work for wages as hired laborers during their spare time on the neighboring farms. He also sells for cash what his wife raises on the farm such as poultry, eggs, and dairy products. Without these additional sources of earning, the tenant would not be unable to pay the rent.

Because of these high rents and insecurity and instability among tenants, they are obligated to exhaust and exploit the rented land in order to get the maximum production from their parcel during the short period of their lease. They are not interested in or desirous of improving their rented land; they know all too well that it will be useless and a loss to them if they make any improvements or permanent repairs, since they have no right to make any claim against the landowner for reimbursement for making drains or canals, or constructing any kind of buildings. This situation has resulted in the depletion of the rich soil of Egypt in which Egyptian life is rooted, and the waste of potential increase in production for the present and the coming generations.

It thus appears through the preceding conclusions that there is crying need for some kind of governmental control and regulation. This will not be an innovation, because the Egyptian government has intervened in various similar problems such as fixing crop and fertilizer prices,

restricting the cultivated area of main crops, restricting the increase in house rents and fixing daily wages of industrial and commercial workers. Even in the field of farm tenancy, the government in 1921 set up arbitration committees to settle disputes arising between landowners and their tenants, and in 1930 and 1932 it granted tenants a delay in the payment of a part of the rental value. Because of the gravity of the present situation, some of the international organizations, such as the Food and Agricultural Organization and the International Labor Office, have recommended government intervention in the problem of farm tenancy to fix the rental value and regulate the landowner-tenant relationship.

Accordingly, a proposed program for government intervention is submitted in the light of the various economic and social conditions in Egypt and other suggestions offered before in this report. This proposed program recommends the following:

1. Regulating the landowner-tenant relationship by requiring a written lease, fixing rental value, increasing security of occupancy, offering compensation for permanent repairs and unexhausted improvements, requiring arbitration of differences and disputes among the two parties, abolishing or allowing installment payment of old debts, and prohibiting public auctions and subletting.

2. Recommendations for related regulations such as fixing the minimum wages of farm laborers, fixing prices of farm land, and granting tenants long term credits to buy land.
3. Recommendations for long-run projects such as reclaiming and distributing government lands among tenants to the amount of five feddans, industrializing, having technical assistance through Point Four Program, and restricting expansion of large land ownership by imposing progressive land taxes, increasing the inheritance tax, and introducing an income tax.

It is necessary to note that the application of the above proposal plan should result in the following:

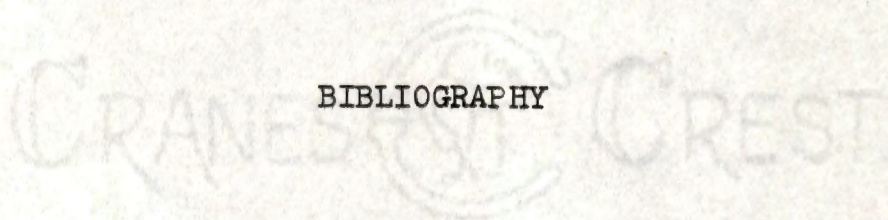
1. The tendency of some landowners to operate their land instead of renting it because of the fixing of rental values, which, owing to the restrictions and regulations imposed upon landowners, would be below the present rates.
2. The decrease in the aggregate demand for renting land because (a) a number of small tenants would shift to industrial and commercial activities; (b) a number of tenants would be converted into landowners by the distribution of the reclaimed land and the granting of long term loans for purchasing land, and (c) there would be a potential decrease in birth rate as a result of education and cultural improvements.

3. Increase in the economic and physical supply of land because of the expansion in cultivated area and adoption of technological methods.
4. Administrative difficulties and opposition of landowners who have free rights at the present time.

It is hoped and expected, after a period of time, and through educational programs and explanation of the benefits of new policy landowners will consider the need, the importance, and the results of these actions. Most of the large landowners are highly educated, and thus, they will appreciate this new policy and learn that its broader purpose is to produce a design for the effective living of rural peoples. They will accept this imposition of duties gradually and such practices will become customary.

If proposed recommendations of the plan are carried out simultaneously, they should serve as a sound basis upon which Egypt could build social justice, equality and decent income for tenants. It also would combat the danger of having a wide gap in the social structure between the very high and the very low groups, through which Communistic propaganda enter and diffuse widely among the underprivileged, oppressed, and exploited tenants.

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