

Egypt's Neoliberal Reforms and the Moral Economy of Bread:

Sadat, Mubarak, Morsi*

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Abstract

The Egyptian Revolution 2011 has its roots in neoliberal policies, the premises of which are not shared by a large part of the Egyptian population. Starting from the call for “bread, freedom, social justice”, this paper sheds light on the moral economy of the Egyptian people and finds the seeds of the revolution in a loss of entitlements which structural adjustment policies entailed for Egyptians as producers and consumers of bread, the symbol of life.

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Key words

Egypt, neoliberalism, moral economy, food riots, 2011 Egyptian Revolution

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Egypt's Neoliberal Reforms and the Moral Economy of Bread: Sadat, Mubarak, Morsi

Introduction: The Egyptians' Call for Bread, Freedom, and Social Justice

Egypt was once known as the 'breadbasket' of the Roman Empire. The Nile Valley and Delta form part of the 'fertile crescent' that extends from the Mediterranean Sea to the Persian Gulf (including the Levantine coast and the old Mesopotamia). Today, the country is the world's largest wheat importer, with imports accounting for almost half of domestic consumption. Bread made from wheat is a central element of the national diet, and to keep this staple affordable has been a central element of Egypt's social policy since the times of Nasser. However, the staff of life is hotly contested, not only in the inescapable bread lines, but also in recurrent attempts to reform Egypt's economic constitution.

In January 2011, the Egyptians turned to the streets to call for "bread, freedom, social justice": a slogan, which suggests that this was also a 'food riot' of enormous extent. This chant, which was one of the most popular ones of the revolution and has not yet lost its appeal, seems to establish a link between the 2011 revolution and the 'bread *intifada*' of 1977 (Ciezdlo 2011; International Business Times 2011). Since the latter was a response to subsidy cuts and, hence, price increases, which were requested by the International Monetary Fund, it is also referred to as 'IMF riot'. The IMF continues to play a prominent role in Egypt's political economy, with prospects of a new loan also shaping post-revolutionary Egypt.

In this paper, I will trace the effects of neoliberal reforms under Sadat, Mubarak, and Morsi from the viewpoint of the moral economy of the Egyptian people. This perspective draws

on what the people perceive to be their rights, which they are ready to defend in popular protests, even if this means risking their lives. It highlights the ‘loss of entitlements’ that structural adjustment policies entail for the majority of Egyptians, which are either poor or only have a very modest standard of living, and for which bread is therefore a highly political issue. I will first present the theoretical framework (section 1) and contextualize Egypt’s neoliberal reforms (section 2), then take a closer look at the shift in agrarian policies (section 3) and the development of the food subsidy system (section 4) under Sadat and Mubarak, and finally turn to Morsi’s respective policies (section 5).

1 The Right to Bread: Taking Food Riots as Indicators of the Moral Economy

The present study has its roots in economic sociology, which includes a ‘sociology of economics’ (Zafirovski 2001), that is, a sociological critique of economic knowledge. Economic sociology classically starts from the paradigm of the social embeddedness of the economy (Polanyi 1957), but – having taken a cognitive turn – it also includes the ‘embeddedness of economic markets in economics’ (Callon 1998). In its macro- and meta-analytical levels (Frerichs 2009), economic sociology largely overlaps with what is referred to as ‘critical’ and ‘cultural’ political economy in heterodox economics (Sum and Jessop 2013).

This article confronts the ‘neoliberal mindset’, in which universal food subsidies – that any Egyptian can benefit from – are considered an anachronism, with the ‘moral economy of bread’, which inspired the 1977 revolt as well as the 2011 revolution. It is argued that the right to (subsidized) bread forms part of Egypt’s moral economy, according to which bread should be available and affordable to everyone. The concept of the moral economy refers to the ‘normative’ and ‘evaluative’ framework of the economy (Fassin 2009: 1249), or the

sense of ‘economic justice’ (Scott 1976: 3; cf. Thompson 1991: 350), which is shared by a critical mass – if not the majority – of Egyptians. The article demonstrates that the already accomplished and still ongoing transformation of Egypt’s political economy implies a redistribution of rights and risks, which affects the livelihoods of many Egyptians and which many experience as deeply unjust. Moreover, it will be shown how the loss of entitlements brought about by neoliberal reforms concerns the Egyptians both as producers and consumers of bread, which means that incidences of rural and urban protests are intricately linked.

The concept of the moral economy (Edelman 2012) goes back to the work of the British historian E. P. Thompson (1971), who had a “sociological or cultural interest” in popular protests, which other simply conceived as “rebellions of the belly” (ibid.: 77). Studying how the “English crowd” responded to the effects that economic liberalization had on the availability and affordability of food in the eighteenth century, he turned to notions of legitimacy and justice. Accordingly, “the men and women in the crowd were informed by the belief that they were defending traditional rights or customs” (ibid.: 78). Moreover, they were convinced that their “actions were supported by an overwhelming popular consensus” (ibid.: 112). This included the “deeply-felt conviction that prices ought, in times of dearth, to be regulated”, as it used to be the case in pre-capitalist times (ibid.: 112). For Thompson, “the breakthrough of the new political economy of the free market was also the breakdown of the old moral economy of provision” (ibid.: 136).

The “bread-nexus” which Thompson found for eighteenth-century Britain (ibid.: 79) can analogically be claimed for Egypt today, where bread ranks similarly high in the diet of the poor, and which, at volatile market prices, easily turns into a major budget item. Raj Patel and Philip McMichael (2009) employ Thompson’s categories for an analysis of

contemporary food riots, namely those marking the global food crisis of 2007-08, not least in Egypt. Food riots are here explained as “an outcome of the policies embodied in the Bretton Woods Institutions’ economic doctrine”, which promises food security through participation in international trade but entails a loss of national food sovereignty (ibid.: 10). Patel and McMichael connect food riots with “significant transitions in political economic arrangements” that entail a “process of structural deprivation and erosion of entitlements” (ibid.: 11).

The moral (or legal) significance of food riots is illustrated with reference to the work of Amartya Sen, Nobel laureate in economics, whose considerations on the *Idea of justice* (2009) appeal to lawyers and philosophers alike. In 1981, Sen published *Poverty and famines: An essay on entitlement and deprivation*, which deals with the social conditions of food crises. Sen is less concerned with the question “being hungry [...], what do people do?” (Thompson 1971: 77) than with “why didn’t they have food?” in the first place (Sen 1981: 154; emphasis omitted). His analysis focuses on the “ability of people to command food through the legal means available in a society, including the use of production possibilities, trade opportunities, entitlements *vis-à-vis* the state, and other methods of acquiring food” (ibid.: 45). By legal means, Sen refers to “those means of commanding food that are legitimized by the legal system in operation in that society” (ibid.). In the present study, this legal reading is emphasized. Thus understood, the ‘entitlement approach’ highlights how changes in the legal infrastructure of a society, broadly understood, may result in “entitlement failures” and lead to starvation even in cases of a general surplus of food (ibid.: 47).

In James Scott’s adaptation of the concept of the moral economy, which likewise employs legal categories, the legitimate expectations of peasants – a group which we will also be

concerned with in this study – are interpreted in terms of a ‘right to subsistence’ (Scott 1976: 33). Overall, this theoretical framework, which integrates legal, economic and social aspects, offers an alternative to conventional approaches, which conceive of food crises (and food riots) in more naturalistic terms. Egypt is a case in point, as its demography and geography – a densely populated Nile valley and delta surrounded by desert – seems to suggest clear natural limits to any meaningful food sovereignty. However, such a “Malthusian” account of food security, or the lack thereof, neglects the political economy of food within Egypt and beyond (Bush 1999: 137). Explaining recurrent food crises with the unpredictability of nature – if not markets – fails to account for the realities of the modern world food system (Ross 2003) and it also falls short of understanding the 2011 Egyptian revolution.

2 Egypt’s Economic Constitution: Neoliberal Reforms, Poverty, and Popular Protests

After the times of Nasser, Egypt’s economic constitution – the regulatory, normative and cognitive framework of the economy – underwent a twofold change from socialism to capitalism and from Pan-Arabism to collaboration with the West (Abdel-Khalek 1981: 395 and 404). In its international dimension, Egypt’s economic constitution seems to be based on one simple premise: regional peace (with Israel) furthers global trade (with the West) (Alterman 2005: 361). Starting with Sadat’s so-called open door policy (*infitah*) in the 1970s, Egypt benefited from a ‘peace dividend’ in the form of foreign assistance from and intensified trade with the leading Western powers. Half a year before the 2011 revolution, Rodenbeck (2010: 5) notes: “Egypt still collects rents for its moderating role. These come in both tangible and intangible forms; in Western aid and preferential trading terms, in diplomatic prestige, in goodwill that boosts tourism and investment, and in a certain amount of indulgence for the Mubarak government’s repression at home.”

Sadat's open door policy, which was launched after the October 1973 war with Israel, "ended with the food riots of January 1977" (Bush 1999: 16). In order to enable and enforce the 'transfer' of foreign resources into the national economy, "certain modifications of the legal climate" and of the "risk-cost climate" seemed in place (Kennedy 1981: 342). Between 1971 and 1977, three laws were passed to improve the legal position of foreign investors, and "in every round of changing the law, additional incentives were added to attract foreign investment" (Abdel-Khalek 1981: 398). At the same time, the reforms were perceived to work against the interests of "the middle and lower ranks of the vast salaried state bureaucracy, the working class and labor unions" as well as the poor, who "became hostage to inferior quality public goods and higher prices as the state tightened its belt" (Handoussa and Tawila 2008: 2). The rising tensions became evident in January 1977, when the Egyptian government announced price increases for a number of subsidized consumer goods (encouraged by ongoing negotiations with the IMF): "Almost immediately [recte] violent demonstrations erupted in major cities – leaving an official death toll of about seventy. An estimated 800 were injured, and 1270 were arrested. Economic decisions were suspended, curfew was imposed, and the army was called in to maintain law and order." (Dessouki 1981: 415)

Mubarak continued with the reform process, even though the next steps were taken "with great caution and misgivings" (Ibrahim 2004: 484). In the late 1980s, negotiations with the IMF resulted in a stand-by arrangement of 250 million SDR ('Special Drawing Rights', the IMF's unit of account, which can be converted to any of the world's key currencies), of which the Egyptian government used 116 million (IMF 2013). The year 1991 marks the beginning of Egypt's economic reform and structural adjustment program, which was supposed to improve macroeconomic stability and boost economic development. In the

1990s, three further agreements were made with the IMF. In 1991-93, a new stand-by arrangement was concluded; in 1993-96, it was topped up under the so-called Extended Fund Facility. Altogether 634.4 million SDR were made available to the Egyptian government, which withdrew, however, only 147.2 million. Another stand-by arrangement over 271.4 million SDR was granted in 1996-98 but ultimately not used by the Egyptian government. (IMF 2013) Agreements with the IMF facilitated negotiations with the so-called Paris Club, which allowed for the cancellation of half of Egypt's official debts from the (mostly Western) member countries.

The condition for financial assistance was neoliberal reforms, which included the reduction of public subsidies, the privatization of former state enterprises as well as measures of trade liberalization. Still, the policies of structural adjustment did not fully reach their aims: while they indeed seemed to have improved macroeconomic stability, economic growth was found wanting, as average growth rates did not return to "pre-1991 levels", with 1991 marking the first structural adjustment program, "a key turning point in Egypt's modern economic history" (Kheir el Din et al. 2005: 86). In fact, annual growth rates (at market prices based on constant local currency) had been particularly high between 1975 and 1985, reached a low of 1.1% in 1991, but recovered in the five years *after* to levels similar to the five years *before*, according to World Bank data (<http://databank.worldbank.org>). Further reform steps were taken in 2004-2005, which included, once again, reduced tariffs, a flexible exchange rate, reduction of subsidies, privatization efforts, financial sector reforms, and tax reductions (Kheir el Din et al. 2005: 88).

The transition from fixed to flexible exchange rates between Egyptian Pound and US-Dollar was anything but smooth, and effectively led to price increases. In the wake of the

1997 Asian financial crisis, the exchange rate had come under pressure, with defensive measures of the Egyptian Central Bank resulting in “a loss of about one third of Egypt’s net foreign reserves” in the following three years (ibid.: 87). The Egyptian Pound was repeatedly devalued, until a flexible exchange rate was formally established by the end of 2004. At the same time, progress was made with regard to regional trade agreements. In 2004, Egypt’s Association Agreement with the European Union entered into force. In the same year, a Protocol on the establishment of so-called Qualifying Industrial Zones (QIZ) was signed by Egypt, the US and Israel, which allows Egyptian products with a minimum Israeli content to be introduced tariff-free to the United States. Technically, this is an amendment – and a spatial extension – of the US-Israel Free Trade Agreement, which was signed in 1996 (Ghoneim and Awad 2009: 3; Yadav 2007: 76).

After all these reforms, “[t]he economy as a whole is performing better than ever” (Rodenbeck 2010: 7). A 2010 special report in *The Economist* lauds the progress that Egypt has made in terms of economic growth rate, its share of world trade, and foreign direct investment (all numbers going up) as well its debt situation and share of foreign aid (both numbers going down). At the same time, different measures and statistics seem to tell “that poverty took an upward turn in Egypt in the last quarter of the twentieth century” (Ibrahim 2004: 482). The precise pattern of poverty development is contested. There seems to be more of a consensus regarding the general increase of poverty in the 1980s (Salem and Gleason 2003: 6) than about its development in the 1990s. A World Bank Report suggests that poverty increased in the first half and decreased in the second half of the 1990s (El Laithy et al. 2002a: 8-13; 2002b: 4-5). As to poverty levels in the mid-1990s, different studies lead to largely divergent estimates (Cardiff 1997; Jolliffe et al. 2004).

With regard to the first decade of the new millennium, the poverty headcount ratio shows a clear increase of poverty between 1999/2000 and 2010/11, by which one quarter of the population was falling under the national poverty line (Table 1). This is defined as not being able to afford the cost of a minimum diet plus essential non-food expenditures (El-Laithy and Armanious 2011: 49). Between 2010/11 and 2012/13, the percentage of poor further increased from 25.2 to 26.3 (CAPMAS, Egypt in Figures 2014, Income, Expenditure & Consumption). Since many Egyptians live only little above the official poverty line (and many only little below), small changes in income may result in significant changes in poverty statistics. While the problem of poverty is pervasive, it is particularly severe in the countryside (Elmeshad 2011).

[TABLE 1 about here]

As to indicators of inequality, the Gini coefficient shows a decrease of inequality in the decade preceding the revolution, whereas the ratio between highest and lowest quintile share does not significantly change (Table 1). At the same time, the perception of inequality – or the experience of relative deprivation – actually increased over the same period (Hlasny and Verme 2013; Verme 2013). For many Egyptians it would thus seem ironic to talk about the ‘success’ of economic reforms, as they are much more familiar with the downside, such as a net loss of welfare resulting from rising prices and stagnating wages (Elmeshad 2011).

Despite the risks connected with popular protest in a dictatorship that clamps down on any serious form of opposition, much discontent has been voiced over economic and political conditions. While the ‘IMF’ or ‘bread’ riot of 1977 might not have been a harbinger of the 2011 Egyptian revolution, the latter was preceded by “more than a decade of resistance to

autocracy” and “against the system that the dictatorship advanced: a neoliberal political economy wherein Egypt developed but Egyptians did not” (Bush and Ayebe 2012: 4 and 6). In 1998-99, “Egypt was experiencing the largest wave of labor unrest since the 1952 revolution” (Paczynska 2006: 62). In September 2007, twenty-seven thousand workers of the Misr Spinning and Weaving Factory went on strike in the industrial city of Mahalla al-Kobra. Against the background of the global food crisis of 2007-08, a follow-up strike planned for 6 April 2008 (but later called off) “developed into a call for a nationwide strike to protest against the sharp increase in the prices of many basic foods” (Beinin 2008). However, the best precedent for the 2011 revolution was perhaps the “Day of Anger” one year later, a nation-wide protest organized by the so-called April 6 Movement, during which political, economic and social demands were equally voiced. The 2011 revolution cannot be understood without this ‘politicization’ of the protests, which culminated in the simple message “The people demand the downfall of the regime” which united people from very different walks of life (Kienle 2012: 546).

3 Food Sovereignty vs. Food Security: The Seeds of the Revolution in the Countryside

In order to describe the “macro availability of food in Egypt” (El-Laithy and Armanious 2011: 10), inasmuch as it is affected by Egypt’s insertion in the international political economy, we can draw on two different indicators. One is the wheat self-sufficiency ratio, which is the ratio of the weight of domestic wheat production to the weight of the total supply of wheat. The other is the wheat-specific food trade balance ratio, which is the ratio of the value of total exports (both food and non-food) to the value of wheat imports. The self-sufficiency ratio is commonly related to ‘food sovereignty’ and the food trade balance to ‘food security’. Both ratios are here specified for wheat. They concern the availability of wheat in Egypt, “encompassing all forms of domestic production, commercial imports and

food aid” (ibid.: 5), with international food aid, in particular from the US, affecting both food sovereignty and food security. While these indicators refer to the ‘availability of food’ in a given country, this is to be distinguished from ‘access to food’ by different social groups (ibid.) – or their ‘entitlement’ to acquire food by legal means (Sen 1981).

In terms of ‘food sovereignty’, which emphasizes the availability of food from domestic production, the development over the last four decades shows a relatively high self-sufficiency rate for wheat at the beginning of the 1960s, a somewhat lower level between the mid-1960s and the mid-1970s and a clear drop between the mid-1970s and the mid-1980s. However, within the following decade self-sufficiency rose again to the levels of the early 1960s and further mounted to even higher levels in the last two decades. (Figure 1). A similar development can be observed at per capita levels. In terms of ‘food security’, which emphasizes the affordability of food imports through exports, the relation of total exports to wheat imports was – though uneven – more favourable in the 1960s and in the early 1970s than between the mid-1970s and mid-1980s. In the following years, the wheat-specific food trade balance improved, but considerably higher levels can only be observed in the 2000s. (Figure 2)

[FIGURE 1 and FIGURE 2 about here]

The food price shock of the mid-1970s may help to explain the sudden deterioration in Egypt’s food trade balance for wheat at that time (based on values), but it cannot account for the simultaneous decline of the self-sufficiency rate for wheat (based on quantities), as the normal reaction to global price shocks would have been a decrease of imports. With regard to the structural forces that shaped the macro-availability of wheat in Egypt throughout the 1970s and 1980s and that also seem to be reflected in the development of

the self-sufficiency rate and food trade balance for wheat, the strategies of Egypt's Western partners played a prominent role, such as the politics behind 'Public Law 480': the US Agricultural Trade Development and Assistance Act, by which the 'Food for Peace' program was launched (Mitchell 1991: 31-32).

According to Title I of this program, US agricultural commodities were sold to Egypt on the basis of subsidised (low-interest) loans. Egypt made use of this form of support from the early 1970s until the early 1990s, when its "financial picture vastly improved, in large part as the result of U.S. and allied debt forgiveness after the 1991 Gulf War" (Mendelowitz 1994: 3). Based on Title II of the program, Egypt received, over the same period, direct food grants dedicated to improve the nutritional status of specific groups. According to Title III, wheat and flour were provided "on concessional terms that were then 'forgiven' – as long as the Egyptian government could show that receipts from the sale of those foodstuffs locally were used to improve local services" (Bush 1999: 20). Title I of the program was, with 3,603 million USD, by far biggest in volume, whereas Title II amounted to 267.3 million USD (Sharp 2014: 48-50, providing annual data). Title III was, with 72 million USD of food aid, smallest and already cancelled in the mid-1980s (Mitchell 1991: 34, note 89). Adjusted for inflation with base year 2012, Egypt's Title I obligations amounted, over the whole period, to 11,041.8 million USD, and its Title II obligations to 1,708 million USD. Other food aid received from the US Department of Agriculture amounted to 12,932.6 million USD. (USAID detailed country report Egypt, <http://gbk.eads.usaidallnet.gov/data/detailed.html>)

PL 480 Title I loans to Egypt boomed in the late 1970s and early 1980s, preparing for and benefiting from the peace treaty with Israel, which was signed, in the wake of the Camp David Accords, in 1979. Between 1977 and 1981, Egypt received 39% of its wheat imports

from the US, the bulk of which (78.3%) was channelled through PL 480 Title I (Burns et al. 1983: 2 and 43). In the same period, PL 480 wheat imports amounted to 28.7% of Egypt's total imports (ibid.: 3). There is good reason to assume that these subsidized imports had a significant effect on the above indicators of food sovereignty and food security. Strictly speaking, these measure not only food availability, which has not necessarily deteriorated in this period (or not to the indicated extent), but also reflect the – highly ambiguous – effects of international food aid. The strategic aim of PL480 was to utilize surplus food commodities of the US as a lever to assist and control its partner countries, by furthering their food dependency, and to create “future customers of American agro-exports once they transitioned from aid to trade” (Patel and McMichael 2009: 15). The availability of cheap (subsidized) American wheat caused, or at least supported, a shift of Egyptian consumption patterns towards meat. With local grains being increasingly produced as fodder, and not for human consumption, this reinforced Egypt's dependency on food imports (Mitchell 1991: 21-22).

In the 1990s and the 2000s, the food sovereignty and food security indicators for wheat considerably improved. Wheat imports have come to weigh less heavily on the self-sufficiency rate as well as the food trade balance for wheat. Again, the international context played a role, this time by furthering an export-oriented agriculture and industry. However, with self-sufficiency levels between 50 and 60% and a share of wheat imports of about 10% of total exports, Egypt is still highly vulnerable to international food price shocks (El-Laithy and Armanious 2011; cf. IMF 2012, 55). As to the effect of international food price inflation on domestic food price inflation, it was found that “short-term pass-through” was relatively high between 2001 and 2011, “with more than a quarter of the external shock (29%) passing through to food inflation after 6 months and around two-thirds after a year” (Al-Shawarby and Selim 2012: 20). In the years before the 2011

revolution, the development of domestic food prices showed, indeed, considerable peaks (Table 2). Also after the revolution, food price inflation remained high and the price development volatile, reaching heights of almost 20% inflation in a twelve-month comparison (19.1% in November 2013 and 18.6% in January 2014; CAPMAS Price Statistics).

[TABLE 2 about here]

Having discussed indicators of the ‘macro availability of food’ in Egypt and international factors shaping it, we will turn to domestic policies and, namely, look at agricultural reforms in times of structural adjustment. Egypt’s agriculture still absorbs 30% of the labour force and amounts to 15% of the GDP (Egypt SIS 2013). As to domestic wheat production, this accounts, at least in the winter season (from October to April), for about a third of the cultivated area (Soliman et al. 2010: 7). In 1998, about one quarter of rural households contributed to wheat production (Minot et al. 2009: 78), but overall wheat played only a minor role as a source of rural income. Even ‘wheat farmers’ derived no more than 7% of their income from wheat production (ibid.: 79). A change in wheat prices is therefore noted to have only a limited effect on the income of domestic producers (ibid.: 86).

Egyptian wheat producers are still paid a (subsidized) farm price that is significantly higher than the international wheat price in order to create incentives to either maintain or increase domestic production. Between 1987-2007, the average ratio between domestic and international wheat prices was 1.5; at the end of this period it was more than 2 (Soliman et al. 2010: 17). The share of the price paid in the retail market, which accrues to producers, decreased in this period from 51 to 37% (ibid.: 15). While the costs of wheat production

increased faster than the wheat price – one important factor being the release of land rent rates starting in 1997 – higher productivity seems, by and large, to have compensated for the relative loss in profitability (ibid.: 9). Apart from the possible poverty effect of full liberalization of the wheat price, which is estimated to be moderate (Minot et al. 2009), the already implemented liberalization policies seriously affected the life chances of a critical mass of the rural population, including wheat producers. This is what we will turn to next.

The ‘old lands’ of the Nile valley and delta form the historical centre of Egyptian agriculture, in which traditional patterns of a (subsistence-oriented) smallholder agriculture prevailed. Nevertheless, the ‘old lands’ have been counted “among the most productive and intensive [agricultures] of the world” (Ayebe 2012: 74). With the agrarian reforms under Sadat and Mubarak, political and economic attention turned away from this historical centre towards the ‘new lands’, in which large farms produce cash crops for export markets (El-Laithy and Armanious 2011: 12). The declared goal was to further an export-oriented, capital-intensive form of agriculture which improves Egypt’s position in the world market. In a nutshell, this implied a shift “from small peasantry to large-scale investors” (Ayebe 2012: 80) and from ‘traditional (domestic) crops’ to ‘non-traditional (export) crops’ (Fisher et al. 2002: 40-47). As to the latter, strawberries – which is, in Egypt, a ‘foreign’ crop – are a prime example. According to FAO statistics, the first 61 tonnes were exported in 1989; in 2009, the export volume amounted to 66,992 tonnes – more than ten times as much (<http://faostat3.fao.org>). The structural shift towards export agriculture involves an “erosion of farmers’ rights” (Bush 2000: 237) which deeply challenged Egypt’s moral economy and contributed to paving the way for the 2011 revolution.

The historical reference point to reconstruct this loss of entitlements has to be Nasser's land reform, which limited the size of landholdings and turned "about 16 percent of all agricultural land" into agrarian reform land that was rented out at low fixed rates to small farmers (Bush 2011: 402; fn. 38). Practically speaking, "tenant farmers were granted rights in perpetuity" and, hence, could develop a sense of ownership for their holdings (Bush 2000: 238). This state of relative social and legal security for small farmers was first challenged by Sadat in the 1970s. As a consequence, land rents – which had been frozen since 1952 – increased, it became easier for landowners to evict tenant farmers, and restrictions on the size of landholdings were reduced (Springborg 1991: 234).

In 1986, five years ahead of Egypt's economic reform and structural adjustment program, Mubarak entrusted Youssef Wali, Minister of Agriculture and Land Reclamation, with the liberalisation of Egypt's agriculture. In 1992, a new land law was enacted, which completed the agrarian 'counter-reforms' already initiated by Sadat. El-Nahrawy (2001: 9) summarizes the purpose of this law as follows: "activating market forces in determining land rental and land market values that constitute the main elements of production, thus improving the efficiency of land distribution among the various agricultural activities". In practice, this meant that the relationship between land owners and tenants was put on a new legal basis which was more favourable to the owners than to the tenants: from October 1997 onwards, owners were "free to reoccupy 'their' land or rent it with a new contract to former tenants or to somebody else at the price and for the period at their discretion" (Ayebe 2012: 74).

The erosion of the rights of tenant farmers became effective only after five years, but it still resulted in a sudden loss of status and life chances, which was experienced as dispossession. Before the reform, tenant farmers had enjoyed "de facto rights of

inheritance”, and the duration of contracts was, in principle, infinite (Bush 1999: 46). Now, the maximum duration of formal contracts was five years, while informal contracts are often made for a year only, or even a season (Ayeb 2012: 80-81). The new land law gave landowners the right to expel their long-standing tenants, which led to fierce clashes, injuries, and death.

Not surprisingly, enforcement of the land act was met with local opposition. Even less surprisingly, incidences of rural protest were rigorously suppressed. This includes two large demonstrations in Daqahliya and Giza and a conference in Cairo in May 1997, “at which many peasant activists wanted to march on Tahrir Square” (Bush 1999: 145). These and other examples of resistance against the new land law can be considered harbingers of the 2011 revolution, just as the above mentioned labour strikes and popular protests. In this sense, the “mobilization of workers and peasants” goes hand in hand; both groups organized against the neoliberal policies of an autocratic regime (Bush and Ayeb 2012: 5). Rural protests and self-organization also continued after the revolution. According to Karam Saber, the director of the Land Centre for Human Rights, which was established in Cairo in 1996, about 35 farmers unions have been founded since the revolution (Glein 2012).

The incidence and experience of poverty in the countryside can at least partly be attributed to the new land law, which officially affected “about 904,000 farmers (almost 25 per cent)”, most of which now became “landless peasants” (Ayeb 2012: 82). All in all, it is little polemic to say that liberalization policies changed the patterns of Egypt’s agriculture from growing one’s own crops on one’s own land to growing foreign crops on foreign land. This is the background of recent calls for “constitutional reforms” that would

“reinstat[e] the political rights of the farmers” and help Egypt’s agriculture to gain more “self-sustainability” (Viney 2011).

4 Bread for All? Expansion and Contraction of the System of Food Subsidies

Food and beverages play a major role in the budget of Egyptian households. This has not much changed in the last three decades, even though the respective budget share is decreasing. In 1981/82 the budget share for (‘home-consumed’) food amounted to almost 50% of consumption in urban Egypt and almost 60% in rural Egypt (Table 3a). Between 1990/91 and 2012/13 the average budget share for food and beverages decreased from 57 to 36% (again not counting expenses for ‘hotels and restaurants’). However, in 2008/09, expenses for food and beverages were, for the majority of the Egyptian households, still at levels about or above 50% of the available budget. (Table 3b) In 2010/11, even well-off Egyptians at an expenditure level of around 50.000 LE per year spent almost 30% of the household budget for food and beverages. Only in the highest expenditure group – namely the top five percent – the respective budget share seems to drop to considerably lower values. (CAPMAS Statistical Yearbook 2013) Due to the large budget share, changes in food prices have a strong effect on Egyptian households.

[TABLE 3a and TABLE 3b about here]

Bread was and is central in the diet of Egyptians. Traditionally, the urban diet contains more calories from wheat items than the rural diet. In 1974/1975, the respective shares were 56.5% (urban) and 42.8% (rural), showing an increase from earlier estimates in 1958/59 (52.8 and 31%) and 1964/65 (48.3 and 34%) (Blue et al. 1983: 34). In 1981/82, bread and flour made up 42% of the daily calorie consumption in urban households and

38% in rural households (Alderman and Braun 1984: 31). By 1997, the share of bread and flour in daily calorie consumption seems to have somewhat dropped in urban households and somewhat risen in rural households, but overall there seems to be no clear change, with values ranging between 35 and 50% in the five regional categories reported (Ahmed et al. 2001: 68-75). Likewise, the share of cereals in daily calorie consumption seems to have remained relatively stable. In 1997, between 47 and 58% of daily calorie intake in the five regional categories stemmed from cereals (ibid.: 68-75). In 2009, the values reported for seven regional categories still ranged between 46 and 56%. Similarly, FAO food security data indicate only a very small decline of the share of dietary energy supply derived from cereals, roots and tubers in Egypt between 1991 and 2009, which remained around or above 66% (<http://faostat3.fao.org>). As bread and flour make up the biggest share of cereals consumed and remain the cheapest (subsidized) alternative, it is unlikely that the quota has considerably changed in recent years.

Egypt's system of food subsidies developed in the second half of the twentieth century, and subsidized flour and bread have always been centre stage. In 1997, subsidized bread and flour accounted for 27% of per capita calorie availability in urban areas and 26% in rural areas, with the respective values rising to 32 to 36% in the lowest income quintiles (Adams 2000: 35 and 38). Most pivotal in the national diet is 'baladi' bread made from coarse wheat flour (82% extraction), in short: 'baladi' flour. Other, more refined types of flour and bread called 'shami' (76% extraction) and 'fino' (72% extraction) play a less important role in domestic consumption patterns and have not always been included in the subsidy system. (ibid.: 11)

The foundations for the subsidy system were laid by Nasser. However, back then, food subsidies accounted for a "modest percentage of the government's budget" (Ahmed et al.

2001: 6). It was only under Sadat that a greater range of foods, such as beans and lentils, fish, meat and chicken, were included and food subsidies became a major budget item for the government. At the beginning of Sadat's presidency food subsidies were still at 3.5% of total government expenditure, with wheat subsidies accounting for 1.7%. In the following years, these percentages multiplied. Between 1970/71 and 1978/79, food subsidies amounted to an average of 9% of total government expenditure, with wheat subsidies accounting for 5%. At their peak, in 1973/74, which was marked by a food price shock, the respective shares were with 17.7 and 9.7% almost twice as high.² (Figure 3)

The increase in food subsidies can be understood as a response to rising international food prices. Egypt's relatively high level of public expenditures and foreign indebtedness became an issue in negotiations with the IMF regarding a first stand-by agreement. In January 1977, the Egyptian government about-faced and announced immediate price increases for subsidized 'fino' bread and 72% extraction flour – subsidized 'baladi' flour and bread were not affected – as well as for some other subsidized food and non-food items, including rice, tea, butagas (used for cooking), gasoline and cigarettes. In the light of the ensuing food riots, the price increases were revoked the next day. Thereafter, Sadat rather consolidated than reformed the subsidy system. (Adams 2000: 6-9; Ahmed et al. 2001: 6-7)

[FIGURE 3 and FIGURE 4 about here]

² Own calculations; based on Alderman et al. 1982: 14 (Table 1) and 16 (Table 2). Cf. Adams 2000: 30 and Ahmed et al. 2001: 6, who refer to the same source but attribute to fiscal year 1970/71 food subsidies of 0.2% of total government expenditure only. Data on food subsidies differ between the Ministry of Finance (Table 1) and the Ministry of Supply and Trade (Table 2), especially "before the fund for subsidies was established in 1975" (Alderman et al. 1982: 14). I draw on the (more differentiated) food subsidies reported by the latter and the total public expenditures reported by the former for this period. For an explanation of disparities in more recent data of the two Ministries, see Al-Shawarby and El-Laithy 2010: 3.

His successor Mubarak then worked towards a “gradual contraction of the system” (Ahmed et al. 2001: 5) In 1983/84, the price for all subsidized bread – baladi, shami and fino – increased from 1 to 2 piasters per loaf. In 1988/89 it increased from 2 to 5 piasters (0.05 LE). At the same time, the weight per loaf was reduced from 160 grams in 1984 to 130 grams in 1991. In 1992, the subsidy for fino bread and flour was cancelled, and in 1996 the subsidy for shami bread and flour was also revoked, leaving baladi bread as the only subsidized bread. Other food items as well, such as fish, meat, chicken, rice and tea were no longer subsidized. (Adams 2000: 11 and 25; Ahmed et al. 2001: 9-10)

While the 1980s and 1990s were characterized by decreasing food subsidies and, in particular, bread and flour subsidies, both as percentage of total government expenditure and of gross domestic product, more recent data show a slight upwards trend in the 2000s (Figure 4). This increase reflects adjustments of the subsidy system to compensate for the devaluation of Egypt’s currency (which was floated in 2003), a rise of international food prices and a respective decline of Egypt’s food trade balance for wheat (Shaban 2005: 41). In 2003/04, the government therefore increased, once more, the number of subsidized products and introduced, among others, new subsidies for fino bread and a 10-piaster loaf (0.10 LE) (ibid.). In 2005, children born after 1989, which had been excluded from the ration card system in 1989, were finally enrolled. (Ahmed et al. 2001: 9; Al-Shawarby and El-Laithy 2010: i) A further increase in the cost of food subsidies was caused by the global food crisis of 2007-08, to which the Egyptian governance responded with fiscal as well as non-fiscal measures (El-Laithy and Armanious 2011: 9). In 2011/12, food subsidies amounted to about 3% of Egypt’s gross domestic product (Coleman 2012). Even though this confirms the overall trend reversal, the present subsidy levels are still much lower than they were in the 1970s and early 1980s.

To understand how the contraction of the food subsidy system resulted in a loss of entitlements and ultimately stirred protests, we have to turn from the perspective of the Egyptian state to the perspective of Egyptian households. Between 1981/82 and 2008/09, per capita purchases of subsidized bread and flour seem to have dropped from an equivalent of about 3.5 loaves to an equivalent of less than 2.5 loaves per person per day (equating one loaf of bread with 100 grams of flour) (Alderman and Braun 1984: 28; Ahmed et al. 2001: 31; Al-Shawarby and El-Laithy 2010: 70-71). However, between 1997 and 2008/09, the percentage of households purchasing subsidized bread increased from 69 to 81%, while it decreased for subsidized flour from 21 to 10% (Ahmed et al. 2001: 51; Al-Shawarby and El-Laithy 2010: 17-18). (Table 4). Nonetheless, subsidized bread was, and is, not always available, and long bread lines formed, and still form, part of the daily experience of many Egyptians. In 2013, the share of ‘vulnerable’ households complaining about a lack of subsidized bread ranged between 11 and 41% (Egyptian Food Observatory 2013a: 11 and 2013b: 11).

[TABLE 4 about here]

As to the ‘poverty reduction impact’ of food subsidies, it was found for 2004/05, that they had lifted 5% of the population out of poverty, with subsidized baladi bread accounting for 2.7% alone (Shaban et al. 2005: iv). Overall, this effect was considered “very small” (ibid.: 26). In 2008/09, the documented effect was “about 9 percent”; almost twice as high (Al-Shawarby and El-Laithy 2010: 27). Again, the biggest role was attributed to subsidized baladi bread, the poverty-reduction impact of which was now considered “large” (ibid.: 37). In the absence of higher wages and/or meaningful cash transfers, food subsidies can in fact be considered indispensable to act as a buffer against food price inflation and to contain poverty.

Taking the high percentages of households purchasing subsidised baladi bread at face value, general bread subsidies seem indeed to benefit almost everyone. A key question dealt with in a number of studies is, therefore, whether there is not too much 'leakage' in the food subsidy system to higher income groups. To answer this question, it is variously defined who is deemed to be 'poor' and a legitimate 'beneficiary' of the subsidy system, and who is not. In one study, only households belonging to the lowest expenditure quintile are considered poor, whereas those belonging to the highest expenditure quintile are considered rich (Adams 2000: 13-14). In another study, which draws on the same data, the first and second lowest expenditure quintiles are considered poor, whereas the three remaining quintiles are considered non-poor (Ahmed et al. 2001: 81). A third study includes a scenario in which the third quintile of "lower middle-income groups" is likewise considered a legitimate target group of food subsidies (Al-Shawarby and El-Laithy 2010: 55). Obviously, the smaller the target group of the subsidy system defined, the greater the 'leakages' of universal food subsidies.

Egypt's food subsidy system is criticized, in particular, because absolutely speaking (in LE/capita/year) higher income groups would benefit more than lower income groups, while relatively speaking (in % of per capita consumption) it is indeed the lower income groups that benefit most. The underlying question is if subsidized baladi bread and other subsidized foods can be considered 'inferior goods' (with a negative expenditure elasticity), which ultimately would allow for a 'self-targeting' of the subsidy system. If not, a better, 'needs-based targeting' of the system seems advisable. In fact, consumer benefit calculations based on various household surveys between 1981/82 and 2008/09 indicate that *relative* benefits of bread and flour subsidies are generally 'progressive' (i.e., they benefit lower more than higher income groups), whereas *absolute* benefits are in some

cases progressive, in others uneven, and in many cases ‘regressive’ (i.e., they benefit higher more than lower income groups).³ Such an approach seems to suggest that subsidized bread – the quality of which is already notoriously low – is not yet ‘inferior’ enough to be bought by the poorest people only. It is clear, though, that the poorer the people the more they rely on subsidized bread for their daily calorie supply.

More explicit, but no less cynical, is the way in which some of the studies deal with the idea of entitlements, which takes us back to the moral economy of bread in Egypt. On the one hand, it is acknowledged that it is “politically difficult to phase out food subsidies, particularly that of baladi bread, given the fact that it is perceived as an ‘entitlement’ not only by the poor but by the entire population” (Shaban et al. 2005: 31; cf. Al-Shawarby and El-Laithy 2010: i). On the other hand, strategies are devised to work around this “strong sense of entitlement” which only complicates neoliberal reforms (ibid.: 35). While a piecemeal approach to overhauling the system, as already employed by Mubarak, may be successful in avoiding public outrage, the erosion of rights, which is actually occurring, is too existential for many Egyptians to escape public attention.

At the end of the day, the above studies can be understood to serve an “ideological transformation” (Salevurakis and Abdel-Haleim 2008: 36): universal subsidies are no longer associated with welfare, as rudimentary as it is in the Egyptian case, but with waste. The language of entitlements, which holds the promise of social safety and equality for a majority of Egyptians, is replaced with the language of ‘leakages’, which is foremost about economic efficiency, but which also works towards tighter administrative control (e.g., means-testing).

³ Table omitted. Per capita annual consumer benefits from subsidized bread and flour, per expenditure group, were compiled and calculated based on the data given in Alderman and Braun 1984: 41-43 (1981/82); Ahmed et al. 2001: 46-47 (1997); and Al-Shawarby and El-Laithy 2010: 84-85 (2004/05 and 2008/09).

5 Morsi's Year of Presidency: Playing With Bread, Fiddling With Debt

Morsi's term was also Morsi's turn to consider collaboration with the IMF and a continuation of neoliberal reforms. Soon after the 2011 revolution, negotiations for a new stand-by loan had started – first for over 3.2 billion, and later for over 4.8 billion USD. It was widely understood that an IMF loan would “unlock billions of dollars of other funding and investments promised to Egypt”, such as from the EU, the US, and the World Bank (Goudineau 2013). Representatives of the IMF and Egypt had come close to an agreement several times in the three years after the revolution, but no deal was signed. Also, during Morsi's short-lived rule, progress in negotiations was reported, and an agreement seemed already within reach (Ahram Online 2013b; Abaza 2013). Reforms of the Egyptian subsidy system – including both fuel and food – were high on the agenda, even though it remained unclear if they would be backed by a ‘broad political consensus’. In the following, we will address some of Morsi's policies which relate to the production or consumption of wheat and bread, and which illustrate continuities with economic reforms undertaken by Sadat and Mubarak.

In light of a glaring budget deficit in the fiscal year 2012/13, the Egyptian government decided to postpone new wheat imports to the following fiscal year (starting July 2013), “when it hopes it will have concluded a stalled loan agreement with the [IMF]” (Financial Times 2013). At the same time, “dwindling foreign currency reserves” affected not only the amount and timing of wheat imports, but also created a necessity to “boost wheat self-sufficiency” (Abaza 2013). Temporary changes in the self-sufficiency rate and in the food trade balance for wheat during Morsi's year in office would, therefore, first of all reflect the fiscal crisis and not necessarily indicate structural improvement. In the end, the government plan to buy 4.5 million tonnes of domestic wheat by mid-2013, that is, much

more than the “average target of around 2.4-3.7 million tonnes in previous years” (Ahram Online 2013a), was not achieved. Actual purchases amounted to no more than 3.7 million tonnes (Fick and Farouk 2013).

With regard to the state of small farmers, these had been promised debt relief for outstanding debts under 10,000 LE at the beginning of Morsi’s presidency. At the end of his first and only year in office, it was publicized that 52,500 small farmers had indeed been exempted from their debts (www.morsifirstyear.com/en), with the overall costs amounting to 113 million LE (Ahram Online 2013c). While this sounds like good news for those small farmers who actually benefited from the debt relief (no more than 2%), the majority remained without support. Morsi’s bold promise was practically revised in the way that only ‘delinquent’ debts were forgiven, and not debts which were still considered ‘performing’, and that debt relief was restricted to so-called agricultural loans (the interest rates of which were subsidized), thus excluding investment loans (Hussein 2012). In March 2014, the Chairman of Egypt’s Public Bank for Development and Agricultural Credit made clear that only a restructuring of small farmers’ debt – and not its cancellation – was economically viable (Waad 2014).

While Morsi’s debt relief campaign was an obvious attempt to garner sympathies from an impoverished peasantry – which was not so new after all, as Mubarak had made similar announcements – there was conspicuous silence about another, structurally more important issue: the problem of land ownership. The loss of land and livelihoods by tenant farmers since the late 1990s, when the new land law came into force as part of a liberalization package for the agrarian sector, is nothing that the Muslim Brotherhood seemed willing to address or even correct. (El-Kouny 2012) In this respect, as in others, Morsi continued in the line of his predecessors, despite rhetorical claims to the contrary (Saleh 2013).

Morsi's political program for his first 100 days of presidency addressed "five aspects of life in Egypt", which were deliberately prioritized: security, traffic, cleanliness, fuel – and bread. After this period had expired, Morsi claimed that 80% of his targets regarding the problem of bread had been achieved (Egypt Independent 2012). While this might have been true with regard to his not-so-radical promises – including monitoring the weight and quality of bread, separating production from distribution, creating incentives for compliance with these standards and increasing penalties for non-compliance (Afify and Adam 2012) – the question of how Egypt's "democracy of bread" (Ciezahl 2011) developed under Morsi is a different one.

There were clear indications that the government planned to overhaul the food subsidy system "by lifting, or at least decreasing, bread subsidies" (Hyde 2012). In July 2012, it was reported that a study had been commissioned "on setting the fixed price of bread at 10 piasters instead of five" (Afify and Adam 2012). In August 2012, the government announced the introduction of a 10-piaster loaf (0.10 LE). The idea of a 10-piaster loaf is nothing new, as this had been available before in the form of 'refined baladi bread'. In 2003/04, this was mostly purchased by wealthier Egyptians (with the highest quintile accounting for 74% of the benefits), whereas it was not attractive to, or affordable by, poorer Egyptians (with the lowest quintile receiving 2% and the second lowest quintile 4% of the benefits) (Shaban et al. 2005: 30). At the time, it was recommended to lift the subsidies on refined baladi bread and leave it to those who can afford free-market prices.

The rationale for (re-)introducing a subsidized 10-piaster loaf today seems not to be 'price and quality differentiation', but to *replace* – little by little – the 5-piaster loaf. Such a "strategy" was used in the 1980s, when a more expensive loaf was introduced "alongside"

the cheaper loaf, which then deteriorated in quality, became harder to find, and was finally no longer available (Ahmed et al. 2001: 9). This outlook gains confirmation from reports about a meeting between the Minister of Supply and Internal Trade (then Abo-Zeid Mohamed Abo-Zeid) and bakery owners in August 2012, in which the “necessity of fixing the price of subsidised bread at 10 piastres, replacing three existing quality categories with one” was discussed (Daily News Egypt 2012). Also, the plan to increase the size of loaves from an average weight of 60 grams to 130 grams (Abu al-Khair 2013) could have served to ‘mask’ a price increase from 5 to 10 piasters until the cheaper loaf would have disappeared from the government outlets.

Since Bassem Ouda, one of the key figures of the Muslim Brotherhood’s Freedom and Justice Party, was appointed Minister of Supply and Internal Trade in January 2013, it has been suspected that control over the distribution of (subsidized) bread was used as a means “to continue hegemonizing a wider base of Egyptians” (Halawa 2013). Indeed, the ‘activation’ of a nation-wide “bread distribution system on households through the local units and civil associations” was listed as one of the achievements of Morsi’s first year (www.morsifirstyear.com/en). Suffice it to say that the civil associations in charge of the bread distribution, which includes home-delivery, were in a great number of cases directly related to the Muslim Brotherhood (Perry and Youssef 2013).

Bassem Ouda likewise started a campaign to reduce ‘leakages’ in the production and distribution of subsidized bread by introducing ‘smart cards’ for suppliers and consumers. A pilot project testing such a smart card system was launched in Port Said. The fact that this project has survived Morsi’s ouster and is still considered exemplary for pending reforms of the food subsidy system (Fick 2014) tells us much about not only the fiscal

situation of the Egyptian state, but also the compatibility of ‘Brotherhood Economics’ with the preferences of Western donors, such as the IMF.

In March 2013, the Ministry of Supply and Internal Trade announced that it would stop subsidizing the flour sold to commissioned bakeries and, instead, directly subsidize the final product: the bread loaves. Accordingly, the bakers would receive 34 piasters per loaf, which would then be sold to customers at the subsidized price of 5 piasters (Hussein 2013). While this announcement was not followed by bread riots in the conventional sense, it did entail the protest of bakers: “On 19 March, hundreds of bakery owners stormed the Supply and Internal Trade Ministry in downtown Cairo, protesting the new policy, as well as the rise in prices of gasoline, diesel and flour.” (Halawa 2013) The bakers’ main complaint was that the set procurement price would not allow them to cover their production costs, while it obviously would become more difficult for them to bypass the system. Again, the plan outlived Morsi’s rule and has been taken over by the present government (Hussein 2014).

Conclusion: Egypt’s Revolution Continues, or More Bread Riots Yet to Come

The anniversaries of the 2011 revolution are, and will remain, occasions to check if the call for “bread, freedom, social justice” has finally been heard (Hafez 2013). In June 2013 – almost two and a half years after Mubarak’s resignation and one year after Morsi took office – the widely shared impression was that things had only gotten worse, that the combination of dictatorship and neoliberalism (Belev 2001) had only found a new, bearded, face (indeed, the beard itself was considered an ‘achievement’ by Morsi’s supporters) and that the only ‘real’ change was that neoliberal policies were now couched in a pseudo-Islamic rhetoric.

Since 1977, the risk of new bread riots has been a steady concern of the Egyptian rulers, which, at the same time, kept on trying to impose economic reforms that mostly benefited themselves and their Western partners. In this respect, there is little difference between Sadat, Mubarak and Morsi. What makes the difference, though, is that after January 2011, leadership has become, more than ever, contingent on the power of the street. The popular will finds its expression not only in democratic elections, but it can also take the form of a ‘vote of confidence’ of the electorate, which appears in unquestionable numbers in the public space (Taha 2013). Morsi’s reign was short-lived; the revolution continues (Elwy 2013). Both the availability and affordability of bread, and bread as a symbol for the living conditions in general, in the cities as well as in the countryside, play a role in explaining the public discontent which was forcefully and creatively expressed in the uprising (Helmy and Frerichs 2013).

This paper has reconstructed Egypt’s neoliberal reforms of the last four decades in light of the moral economy of the Egyptian people in order to illuminate the loss of entitlements that the reform process entailed. This has been exemplified by the liberalization of the land market on the one hand and revisions of the food subsidy system on the other. Both form part of structural adjustment policies, and both challenge the ‘moral economy of bread’, which is premised on the right to food and fair and sustainable conditions of its production and consumption. Most Egyptians, namely the poor and the lower middle classes, experienced the reforms, which its advocates now market as ‘success’, as an erosion of rights – at times a gradual one (as in the case of food subsidies), at times a more radical one (as in the case of farmers’ rights). It is these developments which clearly link the 2011 revolution to the bread riots of 1977, both of which cannot be understood without

considering the normative and evaluative context in which the economy is irrevocably embedded, and which economic orthodoxy has so much trouble understanding.

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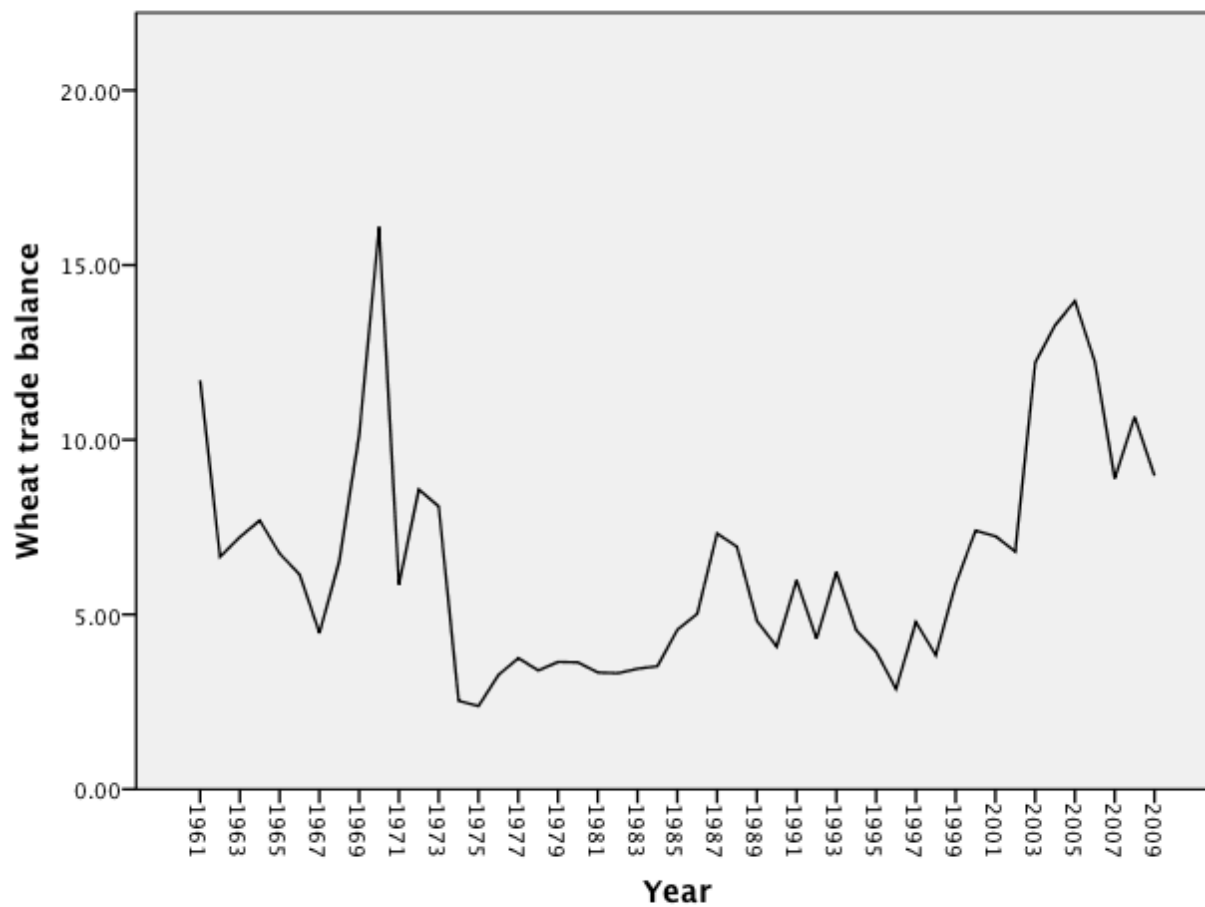
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Figure 1: Egypt's self-sufficiency rate for wheat, 1961-2009



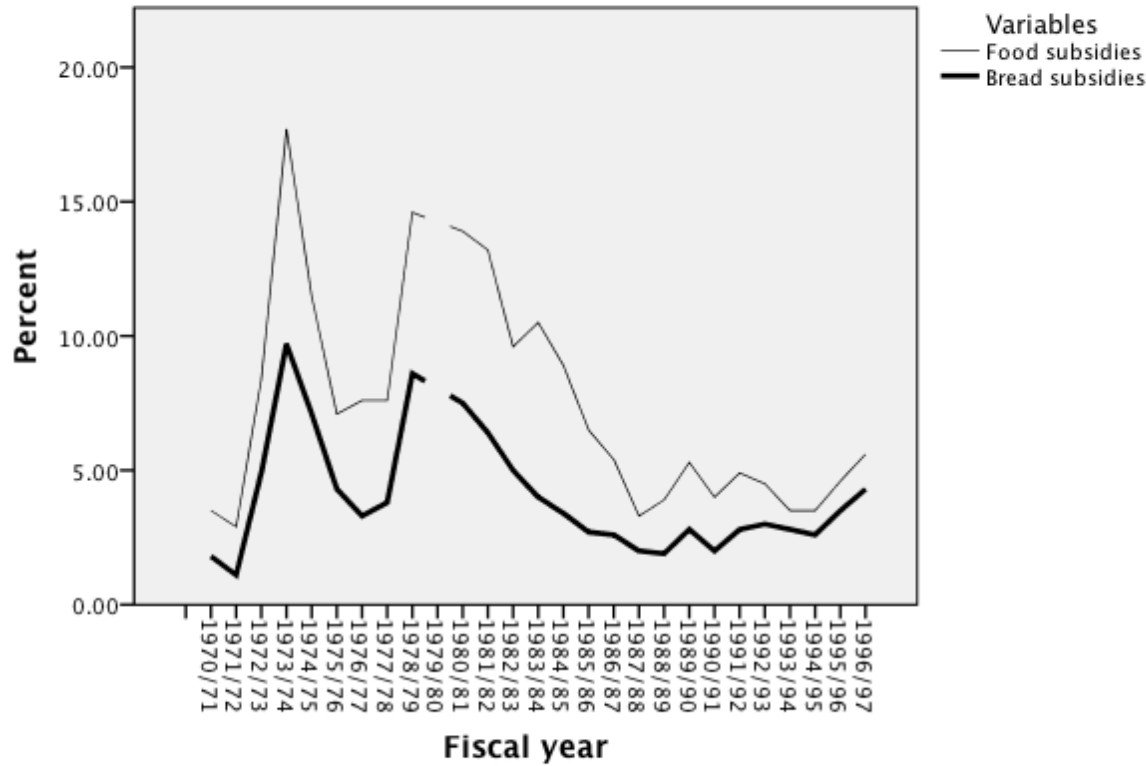
Data source: FAOSTAT Food balance sheet (wheat); own calculations: self-sufficiency rate = domestic production / (domestic production + imports + stock variation - exports) (in quantities).

Figure 2: Egypt's food trade balance for wheat, 1961-2009



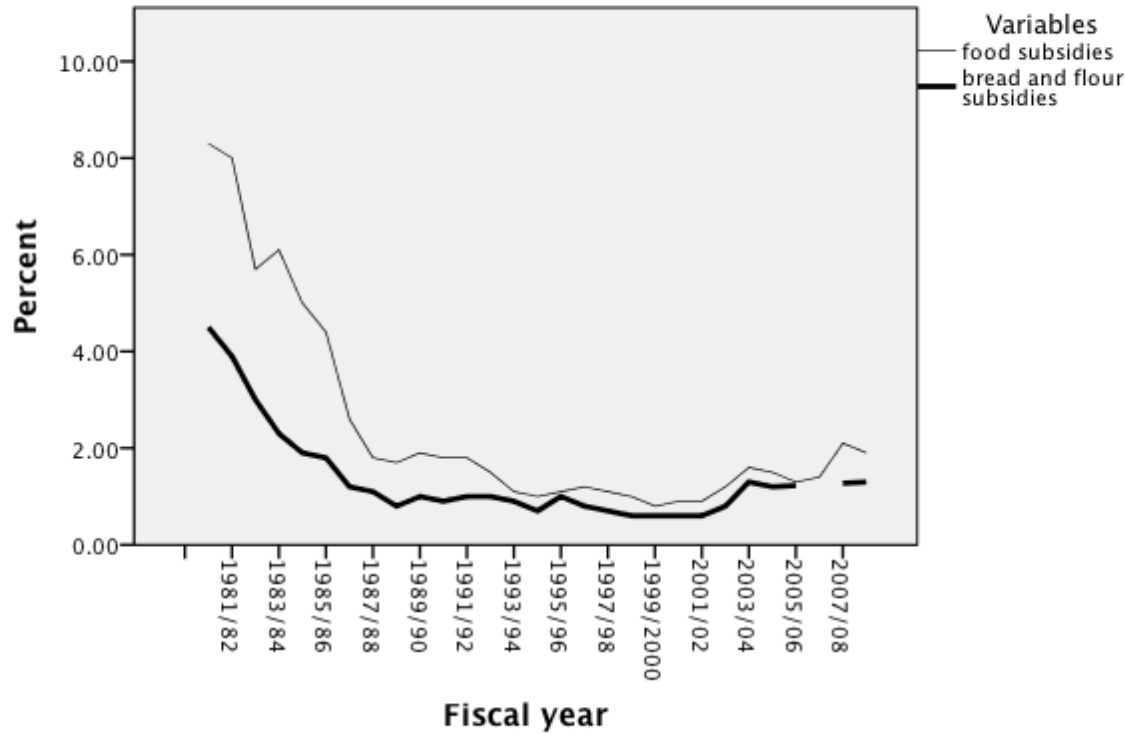
Data source: FAOSTAT (wheat imports), WDI (total exports); own calculations: wheat trade balance = total exports / wheat imports (in values).

Figure 3: Food subsidies as percent of government expenditure, 1970/71–1996/97



Data source: Alderman et al. 1982: 14 (Table 1, total public expenditure) +16 (Table 2, food subsidies, wheat and flour subsidies), 1970/71–1978/79; Ahmed et al. 2001: 8 (total government expenditure, food subsidies, bread subsidies + wheat flour subsidies (1980/81–1996/97); own calculations. The values are not identical with those reported by Adams 2000: 30 and Alderman et al. 1982: 16 (Table 3, food subsidies as a share of total public expenditures). See footnote 1.

Figure 4: Food subsidies as percent of gross domestic product, 1980/81–2008/09



Data source: Ahmed et al. 2001: 8 (total food subsidies, bread + wheat flour subsidies) 1980/81–1994/95; Shaban et al. 2005: 28 (food subsidies and bread & flour subsidies as percent of GDP) 1995/96–2003/04); Al-Shawarby and El-Laithy 2010: 57 (food subsidies [according to the General Authority for Supply Commodities] as percent of GDP) +58 (wheat bread + wheat flour subsidies) 2004/05–2008/09; own calculations. Where the percentage is not directly reported, it is calculated using GDP data (national currency, current prices, fiscal years) from the IMF World Economic Outlook.

Table 1: Poverty in Urban and Rural Egypt, 1999/2000-2010/11

	1999/2000	2004/05	2008/09	2010/11
Poverty headcount ratio (percent)				
Total	16.7	19.6	21.6	25.2
Urban	9.3	10.1	11.0	15.3
Rural	22.1	26.8	28.9	32.3
Inequality of income or expenditure distribution (Gini coefficient)				
Total	0.36	0.33	0.31	0.31
Urban		0.35	0.34	0.34
Rural		0.22	0.22	0.24
Income (or expenditure) distribution: S80/S20 quintile share ratio				
Total	4.4	3.9	4.5	4.5
Urban		5.4	5.1	5.3
Rural		3.2	3.1	3.2

Data source: Central Agency for Public Mobilization and Statistics (CAPMAS), Living conditions and poverty. Note: In the source used, the years are given as 2000, 2004, 2008, 2010; however, the data actually seem to refer to fiscal years (from July to June) in which the Household Income, Expenditure and Consumption Survey (HIECS) was conducted.

Table 2: Annual consumer price index (CPI; Jan. 2010 = 100) and annual inflation rate (IR), by main commodity groups																			
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
All items																			
CPI															94.8	105.4	116.4	125.0	137.9
IR															n.a.	11.2	10.4	7.4	10.3
CPI urban	39.9	41.5	43.0	44.1	45.3	46.3	47.6	49.6	57.8	60.6	65.3	71.5	84.6	94.6	105.1	115.7	123.9	135.6	
IR urban	7.2	4.6	3.1	2.4	2.7	2.3	2.7	4.2	16.5	4.8	7.7	9.5	18.3	11.8	11.1	10.1	7.1	9.5	
CPI rural	39.0	40.4	41.8	43.3	44.6	45.4	46.4	49.6	57.6	59.5	63.9	71.0	85.5	95.1	105.7	117.2	126.2		
IR	n.a.	3.6	3.5	3.6	3.0	1.8	2.2	6.9	16.1	3.3	7.4	11.1	20.4	11.2	11.1	10.9			
Food, beverages & tobacco (until 2003) / Food and beverages (from 2004)*																			
CPI															92.9	109.9	126.5	138.1	156.4
IR															n.a.	18.3	15.1	9.2	13.3
CPI urban	29.8	30.9	32.5	33.8	34.6	35.0	36.5	38.9	48.9	51.3	56.5	63.9	79.2	92.0	110.1	127.2	138.9		
IR urban	n.a.	3.7	5.2	4.0	2.4	1.2	4.3	6.6		4.9	10.1	13.1	23.9	16.2	19.7	15.5	9.2		
CPI rural	31.1	32.2	33.5	34.6	35.7	36.2	37.2	40.7	49.4	50.9	55.6	63.9	82.2	93.8	109.7	125.8	137.4		
IR	n.a.	3.5	4.0	3.3	3.2	1.4	2.8	9.4		3.0	9.2	14.9	28.6	14.1	17.0	14.7			

Data Source: CAPMAS, Price Statistics; in specific: CPI urban and rural (all items and food-related) 1996-2012 from Statistical Yearbook 2013; CPI (all Egypt; all items and food-related) 2009-2013 from Egypt in Figures 2013 and 2014; CPI urban (all items) 2011-2013 from Statistical Abstract 2014; IR urban (all items) 1996-2013 from Egypt in Figures 2014; other IR based on own calculations.

*As of January 2004, the food-related commodity groups were restructured; the food inflation rates for 2004 are therefore omitted.

Table 3a: Budget share of home-consumed food, by expenditure group, urban and rural, 1981/82

Year	Urban					Rural				
	Quartiles				Total	Quartiles				Total
	1	2	3	4		1	2	3	4	
1981/82	0.63	0.56	0.51	0.39	0.48	0.68	0.65	0.61	0.48	0.57

(Data source: Alderman and Braun 1984: 24)

Table 3b: Budget share of food and beverages, by expenditure group, 1990/91-2008/09

Year	Deciles										Total
	1	2	3	4	5	6	7	8	9	10	
1990/91	0.64	0.61	0.60	0.59	0.58	0.57	0.55	0.54	0.50	0.43	0.57
1995/96	0.61	0.59	0.57	0.57	0.55	0.55	0.53	0.52	0.50	0.37	0.54
2008/09	0.53	0.52	0.51	0.51	0.50	0.49	0.48	0.46	0.44	0.33	0.44
2010/11											0.40
2012/13											0.36

Data source: Cardiff 1997: 70 (1990/91 and 1995/96); El-Laithy and Armanious 2011: 53 (2008/09); CAPMAS, Egypt in Figures 2014, Income, Expenditure & Consumption (2010/11 and 2012/13), deciles not available.

Table 4: Percentage of households purchasing subsidized bread and flour in Urban and Rural Egypt, 1997-2008/09

	1997		2004/05		2008/09	
	baladi bread	baladi flour	baladi bread	baladi flour	baladi bread	baladi flour
All Egypt	69.4	21.1	75.9	n.a.	81.0	9.9
Urban						
Metropolitan	92.5	0.0	79.7	n.a.	85.3	0.8
Lower Urban	87.6	7.8	90.3	n.a.	89.5	0.6
Upper Urban	79.1	19.1	78.4	n.a.	83.4	13.9
Rural						
Lower Rural	58.5	15.8	74.5	n.a.	79.4	0.9
Upper Rural	52.8	50.8	65.5	n.a.	74.0	31.8

Data source: Ahmed et al. 2001: 51 (1997, Egypt Integrated Household Survey); Al-Shawarby and El-Laithy 2010: 15 (2004/05 and 2008/09, Household Income, Expenditure and Consumption Survey). Note: The terms lower/upper urban/rural specify Egyptian regions.