

Repercussions of the economic reform policies on the urban poor in Egypt

Ali El-Din Abd El-Badee Al-Qosbi

Sociology Professor, Ganoub Al-Wadi University, Qena, Egypt (resident of France)

As a result of empirical data gathered through sociological surveys, the author argues persuasively that Egyptian economic reform policies – largely based on structural readjustment and rehabilitation programmes devised by the International Monetary Fund (IMF) and the World Bank – have adversely affected the most seriously impoverished sectors of Egyptian urban society. The paper examines the correlation between theoretical suppositions of predicted adverse effect on this sector and actual repercussions as evidenced in such indicators as healthcare, sanitation, employment and access to education. While poverty has been a consistent problem and while these policies – which were undertaken in the context of increasing integration into the international market – cannot be blamed for its original occurrence, there is persuasive evidence that they have caused measurable harm, compounded existing inequities and increased the marginalization of Egypt's urban poor who appear to have been among the most adversely affected in the population as a result of the various initiatives.

Keywords: poverty in Egypt; Egyptian urban poor; social and economic repercussions of IMF and World Bank structural readjustment policies in Egypt; unemployment and healthcare in Egypt; standards of living

There is often talk about economic reform policies in Egypt and other southern hemisphere countries and the measures associated with them; and questions arise regarding their effectiveness, level of poverty and condition of the poor in these countries. In the effort to find a 'magic wand' and miracle formulas to escape the debilitating crises that beset these countries in the late 1980s, the International Monetary Fund and the World Bank devised and implemented structural readjustment and rehabilitation programmes to amend the situation and accelerate economic growth rates. It is therefore necessary to question the fate of marginalized and poor sectors of society in the Third World, given their vulnerability to harm and difficulties in their daily life, as the result of Western-devised strategic formulas, especially since their weak condition prevents them from keeping up with neo-liberal policies.

In light of the above, we are compelled to approach the issue from the sociological angle by closely and diligently examining what lies behind the economic reform policies in most Arab countries, and Egypt in particular. We should be able to determine how they were formulated, at whose expense and whom do they ultimately benefit. Most indicators lead us to believe that these economic reform policies will ultimately favour capital at the expense of labour, and that their social impact would severely affect the impoverished sectors of society. Based on this preliminary overview, the present study will try to establish a systematic and precise

Corresponding Address: Email: alieldin2004@yahoo.fr

sociological approach to comprehend these economic reform policies, and determine their potential harmful social repercussions on the urban poor in Egypt.

To do that, we will pursue seven different avenues. We start by asking a key question and examining various experiences of economic reform policies to launch a series of socio-economic discussions and debates, and determine how sociology, and its basic avenues and initial reservations, views economic reform issues. We will then present various elements of the proposed theoretical sociological approach, consider its implementation on the ground, review various methodological measures and finally look at the results in light of indicators relevant to the condition of the urban poor in Egypt.

1. A key question

We could translate the above aim into one key question: Is there a sociological view that could help understand economic reform policies, their implementation, and the ensuing harmful social repercussions on the urban poor in Egypt?

2. Economic reform experiences: socio-economic debates and discussions

Several Arab countries – including Egypt – have implemented economic reform policies to achieve various objectives not only in the economic sphere, like raising economic growth rates and improving the balance of payments, but also in the social sphere to improve standards of living, including for those at the lower end of the income scale. However, if we contemplate the economic reform map, to draw valuable lessons, and consider the experience of various Third World countries by closely examining factors related to social prosperity and poverty, we will find that the situation is actually going contrary to the desired objective.

Studies in this domain, like Ramzī Zakī's, make this contradiction readily apparent; he contends that the

large-scale implementation of these policies has had a very dangerous impact on economic, social and political conditions in countries where they were implemented since their declared objectives have actually not been achieved. Neither did borrowing decrease, did the deficit in the balance of payments drop, nor was internal inflation curbed, nor the mountain of debt reduced, nor the exchange rate stabilized, nor was the private sector (either local or foreign), to which many guarantees were given and to which public sector assets were sold, able to revive the national economy. The latter have actually taken advantage of the crisis to reap more profits by establishing service- and entertainment-oriented projects, linked to foreign deals. In the process, the citizens' basic needs were neglected, unemployment increased, and their daily lives became even more difficult than before (Zakī 1987, p. 324).

Despite all the above, there are many indications that the economic liberalization policies that Egypt has adopted will not be reconsidered or annulled, and that they will continue until the national economy is once again vibrant and strong, and has overcome the slump of the past period. In the meantime, these policies have been the object of wide-ranging debates and discussions (Kāzīm 1994, p. 23). The first of these debates centres round whether the economic reform policies have adhered to the complete package of conditions. The credibility of their effectiveness, once implemented, requires a diligent discussion on the one hand, of their repercussions on the ground in Egypt, and, on the other, an evaluation of what has been achieved as far as the poor are concerned.

The second subject of debate centres round the need for any evaluation of economic reform policies to be based on objective measures to determine theoretical efficiency, namely, analytical ability to understand and diagnose problems and issues that have long plagued Egyptian society, followed by an assessment of the logic behind these policies' adoption in tackling the country's economic and social issues. In our opinion, these measures should be based on two essential requirements: first, economic growth and competence; and second, social justice and competence – two basic and inter-related objectives. Apart from being well appreciated by national elements in Egypt, these requirements are, in the final analysis, also key demands of international human rights organizations.

In any case, what we mean to do here is to highlight the importance of economic policies and their impact on people's daily behaviour and opportunities in life, as well as their harmful social impact on the standards of living of poor and low-income sectors in Egypt. It is only natural for people to become more keenly interested in economic policies, due to their importance and their present and future impact on their daily lives. It is part of an overall increase in awareness regarding vital public issues (Al-Shirbīnī 1990, p.40) that goes directly to the heart of various social groups' interests and, at the same time, is linked to the standard of living of the overwhelming majority of citizens.

Based on the above, economic reform policies have increasing inherent burdens, potentially damaging to society. Therefore, since their implementation places an added burden on the shoulders of various social groups, it is important for the latter to take part in their formulation so that they may realize, from the very beginning, their ensuing and inevitable burdens and benefits (Al-Sayyid 1996, p. 241). Their participation would also ultimately make any acceptance of their results easier, help mitigate voices of rejection, and thwart any ensuing anger and resentment. On the other hand, the lack of participation in drawing up these economic reform policies, and preventing various stakeholders from airing their views regarding decisions that affect their lives, would likely foster tendencies towards withdrawal and alienation as a means of protest against authorities for having purposely sidelined them from the process. What is regrettable is that politicians in Egypt, as well as policy-makers in advanced countries and international financial organizations, neither understand that fact nor want to understand it. They are unable to realize the basic truth that when people are not involved in the decision-making process, and in managing their domestic environment, they become outsiders rather than agents (Bush 1996, p.124), and intruders rather than partners in development.

We can thus conclude that since economic reform policies prevent people from participating in the decision-making process, they contradict the basic principles of democracy, and are therefore, and above all, top-down international policies that do not express the national public will, but rather the will and interests of a handful of beneficiaries. Equally crucial for decision- and policy-makers, is the role sociologists could play in the formulation of policies that affect their local societies, which is still woefully neglected. The flagrant mistakes that governments and policy-makers commit by ignoring the opinions of sociologists and national research centres are clearly evident. The latter devote their time and effort to finding the best ways and means to confront various challenges that face the country, improve the people's lot and tackle intractable social crises.

What we aim to arrive at is the fact that the initiative of preparing and formulating policies, especially economic ones, was passed on to local political organizations by way of foreign institutions, (like Bretton Woods 1944) that impose development formulas devised abroad that ultimately lead to ‘alien policies and negative repercussions’. Liberal economic policies have been implemented in Third World countries, and chiefly in Arab countries, without real or effective participation by the local social groups most affected by their outcome. They have also failed to consider what such groups hope and expect from them, or their point of view regarding any tangible benefits that would affect their lives, at present or in the future. Governments have neglected these groups’ positions and reservations and stealthily concluded agreements to introduce these reforms, placing themselves in the process between ‘a rock and a hard place’. On the one hand, they are entirely at the mercy of foreign lenders and organizations and, on the other, at the receiving end of those neo-liberal policies’ fortunes, and the attendant domestic repercussions.

We can therefore say, based on the above, that a diligent analysis of the impact of economic reform policies on the standard of living of poor and low-income sectors of Egyptian society is, in fact, an analysis of the impact of all policies and variables on secondary factors that delineate the standard of living of various social classes. It also reflects the whole reform package’s impact on their daily lives. The continuing deterioration in the living conditions of the poor when economic variables indicate an overall improvement in the economic situation will have dire consequences on the country’s future development. These consequences will not only affect neglected sectors of the population, but also others, and thus impede the economic reform process itself, not to mention the threat to social stability and peace.

3. Sociology and economic reform policies: basic dilemmas and initial reservations

Basic issues and initial general reservations should be considered from the outset, both for their own sake and as a framework for sociological understanding of the relationship between reform policies and poverty in Egypt, and their concomitant harmful social repercussions.

A. Chief among these reservations is the fact that the relationship between economic reform policies, poverty in general and the urban poor in particular, is deemed *theoretical* by nature. Some analytical approaches have tried to measure this relationship quantitatively, since by using technical statistical tools and equipment one could make use of the results to draw an approximate general picture of the relationship’s dimensions. On the other hand, these tools proved incapable of dealing with those qualitative aspects requiring entirely different analytical theories and tools. The empirical sociological vision was, therefore, set aside despite its importance in bringing to the fore the neglected social aspects of economic reforms, and the need to understand them, given their close link to the living conditions of Egypt’s urban poor.

B. It is difficult to prove statistically, due to various shortcomings and the unavailability of statistical data, the differential nature of the relationship between economic reform policies and their adverse social repercussion on the poor, on account of this relationship’s link to several important and interwoven variables.

However, we can still analyse economic reform policies and clarify their accompanying economic and social trends. The Egyptian government hastened to link the economic reform policies it adopted in the early 1990s, still under implementation, to positive economic indicators like ending the budget deficit and the significant decrease in the rate of inflation. However, it refuses to accept responsibility for the harmful structural changes that occurred within Egyptian society, or their serious social impact on disadvantaged social sectors. These reforms have failed to impact positively on the current situation; for example, the living conditions of the poor have deteriorated, their numbers have increased, unemployment rates have gone up and the social inequity gap, as far as quality of life is concerned, has widened.

C. The main dilemma confronting attempts to deal with the above-mentioned negative social indicators and concomitant economic shortcomings arises when economic concepts are both applied and seen as quantitative indicators which might improve or regress rather than as ones based on their impact on society and its problems, and how this, in turn, affects not only future development and economic progress but also social stability and security. To overcome this dilemma, one must depart from the narrow and class-related economic view of social, political and economic issues, and from the impact of such class-related variables on the general condition of both society and the regime, if not the latter's very survival (Ḥāfiẓ 1997, p. 33).

In light of the above, there seems to be a dire need for the development of a neutral and objective concept that transcends the current ossified formula, and allows for a wider scope of manoeuvre. Liberty is taken in this paper in presenting a new view and work agenda regarding capitalist restructuring policies and their harmful social repercussions on the current and future conditions of the Egyptian urban poor. It begins by reviewing already existing relevant concepts, before offering unique opinion on the matter, and the logic behind it, in the belief that airing such opinions and ideas would shed enough light on these theoretical problems, and on attempts to refute them.

Some believe that liberal policies should not be blamed entirely for the deteriorating conditions of the poor in the developing world, including Egypt. The reason is that part of this deterioration had started during the economic crisis that preceded the adoption of the structural readjustment and rehabilitation programmes (Zakī 1998, p. 137) meant to address the crisis these countries had been suffering since the late 1980s and early 1990s. It is also common knowledge that the poor were the ones who suffered the most from this crisis, making their suffering twofold, since they are under simultaneous pressure from the economic crisis itself, and the so-called corrective re-adjustment policies meant to resolve it (Ibrāhīm 1999, p. 20).

It is obvious that both the reform programme and the economic structural shortcomings that preceded it, are contributing factors to the increasing size of the poor class. This means that large numbers are joining the ranks of the poor (Al-Imām 1996, p. 28), that the poverty level is increasing from the point of view of narrowing available options, and that their aspirations for a better life and higher standards of living are fast disappearing (Ibrāhīm 1996, p. 69). The soundness of this assertion is confirmed when seen through the prism of another related concept, which posits that economic reform policies are an integral part of a multi-dimensional policy of impoverishment. This does not mean, however, that there is a

causal link between economic reform and impoverishment, but rather that impoverishment is a complex process that transcends the economic dimension of structural rehabilitation, and that economic reform policies are not separate from the process, but a part of it (Al-Maṣrī 1998, p. 85). Although these recessionist and austere policies have contributed to the further deterioration of the poor classes' quality of life, they have enriched that of the well-to-do.

The present paper does not claim that there exists a *quid pro quo* relationship between economic reform policies and urban poverty, since poverty is neither new nor particular to the urban poor in Egypt, and therefore should not be blamed entirely on the economic reform policies adopted in the early 1990s. Poverty in Egypt, both urban and rural, has existed since before these policies were adopted, and is mainly due to long-standing structural policies and historic conditions with multiple interwoven economic, social, political and cultural dimensions, linked to the local social system. In short, although poverty in any human society reflects the social, economic, political and cultural development of any given society, the adoption of the so-called readjustment policies has caused more harm to the poor, and added to already existing deprivations.

D. It is apt to present here two basic conclusions that experts and analysts of economic reform policies in developing countries agree on.

The first is that certain harmful short-term repercussions are to be expected from the adoption of economic reform policies and that these repercussions affect primarily the poor. They are the medicine that has to be swallowed and the price that has to be paid to make the desired reforms possible. Structural readjustment is necessarily followed by increased social marginalization, especially within the context of the country's increased integration into the international market. However, the social impact of active markets, which is usually negative, is not limited to the transitional structural readjustment phase (United Nations Development Programme (UNDP) 1997, p. 42), but extends well beyond it to the phase that follows.

The second deduction is that if these economic crisis conditions persist, their cost would surpass that of the reforms themselves, as implemented by policies and measures during the transitional period (short term).

The above analytical proposition raises at least three fundamental issues worthy of consideration. The first has to do with the imprecise concept of the short-term, for the evaluation of the reform policies' adverse distributive impact on the poor. The same applies to the middle and long terms, to monitor the disappearance of the debilitating social repercussions, and achieve these policies' desired results. Those who rigorously defend these economic programmes use an elastic terminology without ever mentioning any definite or approximate timeframes according to which both the unfavourable repercussions and desired results are supposed to unfold.

Second, while the economic reform policies and their bad social repercussions, which this paper will expound upon later, seem inescapable, their desired results are, in the middle and long terms, debatable and difficult to achieve.

Third, the ordinary citizen might be ready today to endure the difficulties and suffering ensuing from the poor economic situation, including lower income and pervasive high cost of living, with the hope that he would one day soon reap the

fruits of his endurance. However, what if neither the desired results nor the slogans that the designers, supporters and executors of the programme have long touted, are ever to be seen?

E. Amid attempts to understand the relationship between economic reform policies and the poor, a particular knowledge-related issue, that demands both resolution and precise, feasible measures for implementation, rises to the surface. It is the imprecise nature of two basic and closely related concepts, namely the concepts related to the social aspects and their unfavourable repercussions. The intention here is not so much to delve into details, as it is to find a simple measure-related specificity for these concepts' contents. For if we, for example, wanted to specify the 'social aspects' concept, relevant to economic reform policies as a whole and as linked to the lives of individuals, we would find it to be a rather vast category, containing a large variety of factors that govern the individual's life. Among these factors are his/her physical and mental health, level of education and the skills and abilities that allow him or her to master available job opportunities compatible with these skills, and the quality of housing he or she can afford and whether he or she has access to drinking water and electricity ('Abdullah 1994, p. 8).

On the other hand, by the 'negative social repercussions' we mean those that afflict the urban poor in Egypt due to the implementation of the economic reform programme, and the steep deterioration in the standard of living. The latter aspect can be gauged based on income levels correlated to the individual's purchasing power, and his or her ability to access goods and services like education, health, transportation, electricity and water, in quantity and quality. Over and above that, there are goods and services that the state provides either freely or at a very low cost for a limited time-period as a relative scale for monitoring and evaluation.

Finally, still within the context of initial reservations, we would like to highlight limitations that prevent the evaluation of these economic reform policies' repercussions based on proper sociological measures. For despite the fact that Egyptian economic reform policies are quite comprehensive, their impact and repercussions unfold on a partial level. Therefore, while these policies are being evaluated on the comprehensive level, like product growth rates, budget deficit and increasing investments, these indicators cannot be used to evaluate the social impact of economic reform policies that often require field research (Naṣṣār 1992 p. 105). They also need qualitative and quantitative empirical sociological expertise at the same time, to reflect the accuracy and depth of comprehensive indicators on the partial level, namely, the level of poor social sectors.

We chose to expound on the above to underline the need for a locally developed theoretical framework that will overcome narrow arguments, analytical problems and visions blinkered by ideologies biased towards implementing ready-made Western formulas for all times and places and without assessing the personal characteristics of human societies.

4. Elements of the proposed theoretic sociological approach

We will present below, in brief, elements of the proposed theoretical sociological approach and address its relevant procedural concepts, basic issues, and key assumptions.

1. Procedural concepts

A. The economic reform policies' repercussions

On the procedural level, we mean by economic reform policies associated with the poor in Egypt and their expected social repercussions, those that are part of the economic reform programme which the Egyptian government has been implementing since the early 1990s, to run the country's economic and social affairs according to the free market concept. These policies include freeing prices, removing food subsidies and reducing spending on governmental social services, all of which harm the standard of living of the poor classes. These affect the income they depend on to ensure their daily livelihood, the cost of goods they are willing to consume, especially foodstuffs, and the price of subsidised basic services like education, health, transportation and housing.

B. The urban poor in Egypt

The above term refers to a social sector that suffers from extreme need and material deprivation, and lives and works in the country's urban centres, mostly in poor squatter areas. Its members work in simple or unofficial jobs – in unregulated sectors of the economy – whether for their own account or as wage-earners, in permanent, temporary or seasonal jobs that are either sedentary or itinerant, and earn just enough to ensure their families' daily subsistence needs. They have their own particular way of life that relies on constant self-adjustment mechanisms to help them cope with the difficulties and requirements of urban life.

2. Basic issues

We can now propose a framework through which we will pinpoint the economic reform policies' most important social repercussions as expected to affect the poor in Egypt. This is how it works: recessionist economic policies (both financial and monetary) reduce national growth rates by lowering the levels of public and private spending, both in terms of investment and consumption. Lower public and private investment leads to less employment opportunities and, consequently, to higher unemployment rates. Privatization policies only exacerbate this trend by transforming public assets into private companies, a process that necessarily entails the dismissal of workers to boost production and increase profitability. On the other hand, economic reform policies free prices and remove subsidies, causing a general rise in prices, especially the price of basic goods and services on which the poor spend most of their limited income (Korayem 1995, pp. 263–264).

As mentioned above, it is certain that measures designed to reduce or remove subsidies on goods, raise the price of goods and fees for governmental social services, increase taxes and reduce public spending, especially on education, health and housing, affect, above all, poor and limited-income sectors of the population, and lead to further deterioration in their economic and social conditions (Ibrāhīm 1999, p. 29). The situation becomes even more precarious when these sectors become the largest social component of Egyptian society, whereby those who live on the poverty line, under it, or just above it, make up the majority in society, both in the countryside and urban areas.

Based on the above, a study of the social repercussions of the economic reform policies on the urban poor in Egypt proceeds in light of the following basic theoretical issues.

(1) *Freeing prices.* This policy, which entails allowing local prices to respond to forces of supply and demand and an increasing reliance on market mechanisms instead of the government, raises the cost of living, especially for the poor – given the rise in the cost of many basic goods like food and vital public services that they cannot do without, such as electricity, energy, transportation and water. In this context, we should take a close look at the impact that a rise in the cost of electricity, which went up by 30% in 1990, had on the standard of living of the urban poor, the sector most vulnerable to any rise in prices freed from government control.

The rise in the price of kerosene will no doubt have dire consequences on the poor, since it is one of the petroleum products most susceptible to increase in price when energy costs go up. It is one of products used in lighting homes when there is no electricity supply, and is also used in cooking, which means that a large amount of the product is consumed by poor families living in squatter and ill-kept urban areas.

In a related matter, the rise in the cost of various means of transport, in and outside Egyptian cities, will mostly affect poor families as well because they are the ones who use public transportation or taxis the most. It is worth mentioning here that the rise in the price of gasoline and kerosene has contributed to raising the cost of various means of transportation, which the urban poor use, since their financial condition does not permit them to have a private car, and therefore they have no option but rely on public transportation and taxis.

(2) *Removing food subsidies.* Among the most significant measures to impact directly on the individuals' standard of living is the reduction or removal of government subsidies on essential goods. These subsidies are the cornerstone of the government's attempt to relieve some of its citizens' daily burdens, mainly in the low-income sectors, since subsidized goods are among the most essential products (Al-Sayyid 1997, p. 129). The poor are therefore those that suffer most from any reduction in subsidies, given that a large part of their budget goes to subsidized foodstuffs. If we look, for example, at a family's budget in 1974–75, we find that 48% of an urban family's budget, in the lowest 10% of the income bracket, went to purchase subsidized goods (Korayem 1996, p. 41) and that 60% of urban citizens in Egypt spent one-fifth to one-third of their budgets on subsidized basic foodstuffs (Korayem 1997, p. 22).

In the mid-1980s, the state began implementing measures to lower the cost of subsidies in the general budget by raising the price of subsidized goods, by reducing their number and volume, and by limiting the number of ration-card holders. When it started implementing the economic reform programme, it removed subsidies on food items. By 1994–95 only local and Syrian (pita) bread were still subsidized, maintaining the same price as in 1988–98, even if its net weight had somewhat shifted; also still subsidized are oil and sugar obtained through ration-cards. The cost of subsidizing wheat rose to 60% of the share of subsidies on food, in 1994–95, from 50% prior to the programme's implementation. However, while oil and sugar subsidies were reduced, they completely disappeared from other foodstuffs like rice, meat and frozen chicken. At the same time, the number of cardholders was cut down

to only 8.7% of the population, in 1994, when that same number was at 91.4%, in 1981, and at 87.3%, in 1990 (Al-Sayyid 1997, p. 129).

We can thus conceptualize the burden that falls on the shoulders of poor families as the result of lower subsidies. The relative cost of government subsidies in relation to the state's total current expenses went down to 7.2% in 1995–96, that is, 1.9% of the gross national product (GNP), equivalent to the economic reform programme's targeted figure. The cost of food subsidies also went down in the current expense budget from around 9.5% to 5% in the same period (Al-Sayyid 1997, pp. 129–130). It is clear that this rise in the cost of living – due to the removal of government subsidies on essential goods and services, and the difficulties that families living under or at the poverty level are having maintaining the same consumption levels as before – has led to a marked deterioration in the quality and quantity of the food they consume (Ibrāhīm 1998, p. 246.).

The considerable reduction in food subsidies that accompanied the conversion of resources into investment activities, as part and parcel of the reform initiative, has also led to an increase in malnutrition levels. This is evidenced by the spread of anaemia among women and children of poor families due to a lower daily-calorie intake compared to what they used to get from subsidized goods, which only shows the extent of these families' dependence on assistance.

(3) *Reducing government spending on health and education.* The government's financial policy involves a reduction in general expenses, including essential services like health and education, a move that will undoubtedly have its impact on the standard of living of poor families. It will only add to their burden since they will have to spend part of their income on services they used to get free of charge or for very little money, which leaves them with less to spend on other essential goods. Undoubtedly, the ultimate result is even lower living standards, especially in light of the fact that incomes of poor families are not expected to improve during the programme's implementation period, but remain as they are, if not drop further (ʿAbdullah 1994, p. 13).

Nādir Farjānī, who studied the condition of education in Egypt as far as the poor are concerned, believes that capitalist restructuring entails deterioration in the quality of education, as the result of lower government spending. This move automatically reduces government spending on public services in general, and the cost recovery policy brings in added income by demanding payment for services that were hitherto free of charge. Therefore, if we add to that the rising cost of education, the fallout from the general rise in prices and the spread of private lessons, to name but just a few, it becomes amply clear that the poor will suffer most from poor-quality education (Farjānī 1996, p. 31).

Education is expected to become an option that low-income families will not be able to afford, meaning that they will be compelled to keep their children away from school, or take them out and push them directly into the job market, to help keep them fed and provided for (Ibrāhīm 1996, p. 62). It is also difficult to expect good quality health services at prices that the poor can afford, given the drop in real investments in the health sector, as far as individuals are concerned (Korayem, Karīma, 1996, p. 42). This means that their health conditions will definitely deteriorate, that they will become more vulnerable to illness, and that this, in turn, will affect their ability to work and produce.

3. Key assumptions

Based on the above theoretical basic tenets, we will try proposing three key assumptions that ensue from one major assumption. It is fact that 'there exists a negative relationship between the implementation of economic reform policies (freeing prices, removing subsidies on foodstuff and reducing government spending on health and education), starting in the early 1990s, and obvious social repercussions on the urban poor in Egypt'.

Ensuating from this major assumption are the following secondary ones:

- **First assumption:** freeing prices, especially of electricity, water and transportation, raises the cost of living of the urban poor in Egypt.
- **Second assumption:** the removal of food subsidies will severely affect the urban poor in Egypt, including the deterioration in food quality and health conditions.
- **Third assumption:** from all the elements of the economic reform programme, the reduction of government spending on health and education is expected to have the most adverse effect on the lives of the urban poor in Egypt.

To verify the veracity and soundness of these initial methodological and theoretical assumptions, and arrive at convincing solutions to the problems they cause, we should look closely at the current daily life conditions of poor and marginalized elements at the receiving end of these economic policies. Possibly, this close examination will lead us to certain facts that compel us to reconsider the above assumptions.

5. The town of Qīna and its citizens

We chose as a sample the town of Qīna,¹ in the Şaʿīd region, and its citizens who work in the informal economy, and live in poorly kept squatter areas representing the town's four different ecological sections: al-Ḥumaydah, and the first, second and third town sections. Our project relied on basic general facts among which are the disastrous condition of the poor in the Şaʿīd, and the need for the state to intervene immediately, using all resources at its disposal. The region is in dire need of an urgent development plan to combat poverty, both in the immediate and long term, and there was a stark drop in the living standards of Şaʿīd's urban poor in comparison with their peers on the seacoast, in particular, and the Egyptian urban poor in general. (There were also considerations, specific to Qīna, among which is its proximity to the researcher's work place at the Sociology Section of Ganoub al-Wadi University's Arts Department, and his desire to complete his department's research programme covering the University's immediate environment, to allow developing work to start.)

6. Methodological procedures

A sample of 102 heads of poor households was made from among Qīna's total population based on various considerations, chief among which was ensuring that the head of household is the main focus of the research, either due to his or her decision-making role regarding family spending or because the family itself considers him or her as its head. The person in question did not necessarily have to be the eldest member of the family and could be either male or female since this was the best way to determine the social repercussions resulting from the economic reform policies'

implementation and register all relevant indicators. These heads of households were then each given a questionnaire to fill out in order to cover the quantitative aspect of the field research. The qualitative aspect was handled by means of a close study of five different cases in which personal interviews were conducted. Additional tools were used to assist in gathering data that figured under the 'simple remarks' category (possibility of the head of household holding a side job and monitoring his living conditions), to use during initial household visits (1 May 1977–25 May 1997), and during the field research's final visits (7 May 2000–25 June 2000).

Official and unofficial interviews were also conducted with, among others, those responsible for social, civic and religious affairs, and with officials in the Social Development Fund, supply offices and the local police. Photographs and slides were taken, cassette tapes and video cameras were used, maps and three-dimensional models were elaborated, and field data were analysed based on the arithmetic mean and standard deviation method, to ensure accurate results.

7. Application of the field-based sociological approach

The remainder of this paper will elaborate on facts gleaned from the sociological study regarding the economic reform policies' repercussions on a chosen sample of Egypt's urban poor. First of all, based on a careful reading of material related to economic reform policies and their impact on the Third World's poor and Arab society in particular, specifically Egypt's poor, the results revealed a dire shortage and a woeful neglect of locally developed analytical, explanatory, and systematic databases to help study issues such as the one under consideration. This is not that unusual given, on the one hand, the foreign guidelines regarding the local implementation of structural readjustment and rehabilitation programmes, and, on the other, the belated interest by various branches of learning, including sociology, in studying the nature of economic reform policies and their link to the conditions of the poor. The paper has made it clear that the relationship between economic reforms and poverty seems theoretical by nature, which certain analytical concepts have tried to approach from a quantitative angle, using mathematical statistical technology that helps give a general or approximate picture of the situation. The latter technology, however, is incapable of addressing the qualitative aspect, which applies to the current situation on the ground, an approach that demands different analytical methods and tools. Thus, the above approach has ignored empirical sociology, despite its major importance in raising, and understanding social concepts and human dimensions involved in economic reform policies, given their direct link to the living conditions of the urban poor in Egypt.

This paper has tried, very humbly, to frame a sociological approach to gauge the impact of the economic reform policies on the lives of the urban poor in Egypt, from the early 1990s until the beginning of this fieldwork. This initiative, based on the 'procedural social indicators system' emanating from the series of economic reform policies (freeing prices, removing food subsidies, lowering government spending and limiting the role of the state in the health and education domains), is badly in need of testing and scrutiny through key procedural assumptions that reflect these selected policies' variables and theories. The purpose is to render these policies more realistic, bring them closer to the condition of Egypt's poor and allow them to come into

contact with actual living conditions at the receiving end, without falsification, overstatement or passing *a priori* epistemological and isolated judgements.

Through this method, this paper has compiled a solid and factual sociological field evaluation bringing together two methodological levels and analytical views. One is a comprehensive, quantitative macroscopic view (for which it applied the questionnaire's results on the entire sample of the study), and the other, a microscopic qualitative view (through which it tried to apply the in-depth interview method on a chosen few selected from among the entire sample), to collect empirical data and evidence for analysis and elaboration. Later on, the arithmetic mean and standard deviation analysis formula helps to first view the results as separate parts (as they appeared in the questionnaire and the selected research interview manual), then as a whole and in detail, as they appeared in the key assumptions reflected by these policies' indicators. In this way, the paper will have served to pinpoint the harmful repercussions of these policies on the urban poor in Egypt, or rather on a sample of them (the poor people of Qīna), in light of data and results produced by this local sociological approach.

Second, in general, these results confirm the veracity of the above procedural assumptions, both the main or secondary assumptions, since they reveal that more than two-thirds of the study sample (78 families, or 76.47%) saw their living conditions deteriorate from the 1990s, namely, soon after the start of these economic policies' implementation. This deterioration is due to the usual factors associated with the inflation and economic stagnation resulting from the economic reform programme's implementation. Virtually all heads of household in the sample confirmed that their income was not sufficient to sustain the family, that the social fund's policies had failed to alleviate the burden of poor families in Egypt, and that the cost of health and education, as well as food, had increased. The overwhelming majority in the sample (91 families, or 89.21%) thought that the government, as far as economic matters were concerned, was on the side of the wealthy who owned assets in Egypt, and of Arab and foreign investors, and that the state had abandoned the poor, the sector most affected by the economic reform programme's policies. Furthermore, the above data appear even starker when seen in light of the next set of results from the field, relevant to testing the accuracy of the three procedural secondary assumptions:

(1) The first secondary assumption was indeed correct since the study showed that although the electricity and water companies were privatized, no improvements in either had since taken place, and yet their cost had continued to increase. Some heads of household in the sample blamed the government for the rising costs, saying that streetlights were kept on almost all day and night, and poor and low-income families were being made to compensate for government agencies not paying their electricity and water bills. They said that estimates for consumption of these services were arbitrary and did not necessarily reflect the amounts that the poor were actually using. On the other hand, the study revealed that most poor heads of household (88 families, or 86.28%) could not afford to use local means of transportation since their costs had gone up as the result of the economic reform policies. This further confirms the link between the rise in the cost of petroleum products and the corresponding rise in the price of local transportation.

The paper has concluded that the deterioration in the living standards of Egypt's urban poor is amply clear. It is evident not only in looking at the ever-increasing costs of services like electricity, drinking water, sewerage and petroleum products, and the latter's impact on transportation used by the poor, but also in the link between the fast-increasing prices and the stability, if not devaluation, of the poor people's labour input. Coupled with that is the resulting drop in income that goes to cover daily needs, income already encumbered by freed prices and lower-quality goods. The final outcome is a clear and continuing increase in the cost of living, starting with the economic reform policies' implementation in Egypt, at the end of the 1980s or early 1990s, until now.

(2) The second secondary assumptions was also correct. Results have shown that while food subsidies have helped poor families maintain a good level of daily calorie intake and decent health standards by making food available at reasonable prices that suited their financial means, the implementation of reform policies, which reduced these subsidies, has had a dire impact on their nutrition and health conditions. The study's results revealed that a vast majority of heads of household (85 families, or 83.33%) benefited from food subsidies afforded by the state to low income families, and that the number of beneficiaries from ration cards, in the study sample, was around 428 individuals, (with a standard deviation of + or -2.3).

Despite the high number of cardholders and the increasing overall number of dependents on them many did not spend anything on their cards. The results have also shown that the amount spent, if any, was not sufficient, and that the government so far has not shown a willingness to increase the number of card dependents, but rather reduce and limit the number of individuals that could become dependent through marriage or death. Results from the field have also shown that the rise in the price of foodstuffs, due the removal of subsidies, compelled the Egyptian poor to stop making their own bread because it requires expensive unsubsidized flour, and they do not have the necessary cash flow. This means that most families in the study sample (86 families, or 84.31%) buy ready-made bread.

The study also revealed how the poor view the future and how they would respond to an eventual rise in the price of (subsidized) bread, which could very well occur given the impact of economic reforms. They said that, in this case, they would simply reduce their consumption of local bread (black bread, which the study sample calls 'Egyptian bread', and which costs five piasters a loaf).

People in the sample expressed their fear regarding the removal of subsidies, and the impact this would have on the poor in Egypt since they would have the most to lose. The words they used to express themselves were very significant:

This removal of subsidies will impact on these people here because they are poor and have no income with which to buy from outside. The government's subsidies are their only support Therefore if life becomes more expensive, there will be a famine, theft will increase, the poor people will not find anything to eat, and would be forced to go out and beg. There will be drought, life will become even darker than before and the poor will be lost in the crowd.

Responses from the field showed that 85.26% of poor families in the sample could not afford good quality food at reasonable prices, which necessarily increases their vulnerability to certain illnesses related to malnutrition. Results revealed that the general monthly spending average on food was 100.2 Egyptian Pounds, (with a

standard deviation of + or –35 Pounds). The fact that several heads of household said that many members of their family suffered from malnutrition-related illnesses, establishes an important link between the poor quality of food and eating the same type of meal three times a day, and high instances of malnutrition among Egypt's poor.

In short, we can say based on the above, that quantitative ratios and qualitative data gathered by this field study indicate a relative deterioration in nutrition levels and health standards. This makes the role of economic reform policies in bringing about this waste and deterioration in living conditions, especially the removal of food subsidies, amply evident.

(3) The third secondary supposition was proven correct by the study. Field data have shown the importance of public health services to the poor, since two-thirds of the families surveyed (87 families or 85.26%) said they went to government-run facilities when they had a complaint, due to their low cost in comparison with private doctors and clinics. However, though a very small percentage did use private facilities (3 families, or 2.95%), government-run services were, in their opinion (48.3%), a necessity they could not do without. They also said that they had no alternative but to use government health services (13.8%), and that the lack of cash (37.9%) was the main obstacle that prevented some from going to expensive private facilities, to which they resorted only in extreme situations.

It is regrettable to report that the study sample reflects profound deterioration in the state of health services since the start of the implementation of economic reforms, with 65 families, or 74.71% saying that government-run health services have indeed diminished, and are now asking for direct payment in return for their services. Payment can also be indirect when the patient is compelled to purchase medicine and other needs from outside the system, or obtain an X-ray in a private facility. The quality of health services has dropped therefore, despite the major importance of these services to the poor. This is due to the rising costs of medicines and imported goods resulting from an upswing in freed prices. Families in the sample linked their poor economic conditions to the spread of certain diseases among them. Chest ailments, like allergies and coughing brought on by the pathogenic nature of low quality, cramped, unsanitary and poorly ventilated squatter accommodations, are the most common among the adults, while anaemia, resulting from unbalanced and poor quality nutrition, is most common among the young.

In the sector of education, results confirm that the austere policies of the economic reform programme have harmed the quality of poor children's education and the fair distribution of educational opportunities. This not only detracts from the poor quality education they already receive and could hardly afford, it also leads to high truancy rates and early entries into the job market. Results have revealed that the number of students enrolled in the public education system from among the study sample, was 207 individuals, or an average of 2.02%, (with a standard deviation of + or –1.6%); the highest number was enrolled in primary school (46.4%), followed by preparatory school (25.6%). On the other hand, the results have unmasked problems that shed light on the poor state of the Egyptian education system, under the economic reform policies, with money-related problems like the cost of education (34.15%) and the spread of private lessons (25.6%), heading the list. These results confirm the dictum that the children of the

wealthy who are better able to afford the cost of expensive private lessons capture most available seats at public academic institutions and reserve their places at top universities. The children of the poor are, of course, in an entirely different situation given their inability to afford what their wealthy peers can. Their education ends up being a burden on their families, especially in light of the ever-rising costs of other commodities.

Evidence from the field revealed that more than half of the sample's families with members in the education system take private lessons, an expense they can ill-afford and an added financial burden. Despite that, they still do their best to find the required sum even if they have to borrow it. The study also showed that truancy rates are on the increase, with over half the sample saying that someone in their family had left school early. They blamed it on the high cost of clothing, educational material and private lessons (27.2%), and the high cost of education and employment (24.1%).

We briefly conclude by saying that reduced spending on social matters, like health and education, means, as far as the poor are concerned, that their children will neither continue their education nor receive good-quality health services; this in turn means that their health is bound to deteriorate. We can only imagine how a sick illiterate individual would be able to earn his living, ensure his daily survival and contribute to building a forward-looking and prosperous society.

Now that this paper has done its part, we should say that the lack of studies regarding economic reform policies in Third World countries, including Egypt, and the lack of expertise in the field and analytical sociological approaches to evaluate their impact on the urban poor compelled this paper to develop a particular approach to gauge this issue's various dimensions. Indicators regarding the actual situation on the ground succeeded in unmasking various deleterious repercussions, evidenced by the above detailed data gleaned from the field, and their deductions.

Note

1. Qīna, a capital city in southern Ṣaʿīd province, approximately 600 km from Cairo.

References

- ʿAbdullah, Amīnah ʿIz al-Dīn, 1994. Al-Āthār al-Ijtimāʿīyah li-Barāmij al-Iṣlāḥ al-Iqtisādī fī Majmūʿah min al-Duwal al-Nāmīyah. Paper presented at: Barnāmaj al-Iṣlāḥ al-Iqtisādī wa al-Haykalī wa Taḥadīyāt al-Mustaqbal. Symposium, 27–28 April. Cairo Jamiʿat ʿAyn Hulwān, kulīyat al-tijārah wa idārat al-aʿmāl.
- Bush, R., 1996. Coping with Adjustment and Economic Crisis in Egypt's Countryside. In: Ray Bush *et al.* *The Political Economy of Reform*. The World Bank for Agriculture and Farmers; translated by Ḥasan Abu Bakīr and ʿAbd al-Rahīm al-Mahdī. Cairo: al-Maḥrūsah Research and Training Centre.
- Farjānī, Nādir, 1996. Āthār Iʿadat al-Haykalah al-Raʾsmālīyah ʿalā al-Tanmīyah fī Miṣr. In: Aḥmad Zāyid and Sāmīyah Khashshāb, eds. *Sīyāsāt al-Takayyuf al-Haykalī fī Miṣr: Al-Abʿād al-Ijtimāʿīyah*. The second annual symposium for the department of sociology [15–16 May 1995]. Cairo: University of Cairo, Faculty of Arts, Department of Sociology.
- Ḥāfīz, Saʿād, 1997. Naḥwa Badīl li-Sīyāsāt al-Tathbīt wa al-Takayyuf [al-Taṣḥīḥ] al-Haykalī, a report presented at: Taqīyīm Sīyāsāt al-Tathbīt al-Iqtisādī wa al-Takayyuf al-Haykalī

- fī al-Aqtār al-ʿArabīyah. Symposium, 2–3 December. Cairo: the Arab Society of Economic Research.
- Ibrāhīm, Aḥmad Ḥasan, 1996. Al-Takayyuf al-Haykalī wa al-Tanmīyah al-Basharīyah fī Miṣr. In: Aḥmad Zāyid and Sāmīyah Khashshāb, eds. *Sīyāsāt al-Takayyuf al-Haykalī fī Miṣr: al-Abʿād al-Ijtimāʿīyah*. the second annual symposium for the department of sociology, [15–16 May 1995]. Cairo: University of Cairo, Faculty of Arts, Department of Sociology.
- Ibrāhīm, Aḥmad Ḥasan, 1996. Baʿd Āthār al-Iṣlāḥ al-Iqtisādī wa al-Takayyuf al-Haykalī ʿalā al-Marʾah fī Miṣr. In: Muḥammad Abu Mandūr, *al-Ifqār fī Bar Miṣr*. (Kitāb al-Ahālī, 63). Cairo: Al-Ahālī.
- Ibrāhīm, Ḥasanayn Tawfīq, 1999. *Al-Iqtisād al-Sīyāsī li-al-Iṣlāḥ al-Iqtisādī*. Cairo: al-Ahrām Center for Political and Strategic Studies.
- Al-Imām, Muḥammad Maḥmūd, 1996. Al-Sīyāsah al-Iqtisādīyah al-Kulīyah wa Āthāruhā al-Tawzīʿīyah wa Mukafaḥat al-Fuqr. In: *Taqrūr al-Tanmīyah al-Basharīyah fī Miṣr* (Research Series, v. 1). Cairo: Maḥad al-Takhṭīṭ al-Qawmī wa Barnāmaj al-Umam al-Mutaḥidah al-Inmāʾī.
- Kazīm, Ḥussein Ramzī, 1994. Al-Iṣlāḥ al-Iqtisādī wa Taṭawur al-ʿAmālāh fī al-Qiṭāʿayn al-Hukūmī wa al-ʿAmāl al-ʿĀm. In: *al-Abʿād al-Ijtimāʿīyah li-Sīyāsāt al-Iṣlāḥ al-Iqtisādī*. Seminar, 25–27 October. Cairo: Maḥad al-takhṭīṭ al-qawmī; Friedrich Albert Institution.
- Korayem, Karīma, 1995. Follow-up on Muḥammad Najīb ʿIssa’s working paper, al-fuqr fī al-waṭan al-ʿarabī. In: *ijtimāʿ al-khubarāʾ al-taḥḍīrī ḥawl al-iʿlān al-ʿarabī li-l-tanmīyah al-Ijtimāʿīyah*. Cairo: Arab Labor Organization.
- Korayem, Karīma, 1996. Al-Āthār al-Iqtisādīyah wa al-Ijtimāʿīyah li-Sīyāsāt al-Iṣlāḥ al-Iqtisādī [1991– 1992] fī Miṣr, a report presented at: al-Taḥḍīyat al-Muʿāṣirah fī al-Manzūr al-Islāmī, symposium for Kulīyat al-Tijārah [for girls], Jamiʿat al-Azhar. *Miṣr al-muʿāṣirah*. 87 (441–442). Cairo: al-jamiʿah al-miṣrīyah li-al-iqtisād al-Sīyāsī wa al-tashrīʿ wa al-iḥṣāʾ, January–April.
- Korayem, Karīma, 1997. *Egypt’s Economic Reform and Structural Adjustment ERSAP* (Working Papers Series: no. 19. Cairo: Egyptian Centre for Economic Studies.
- Al-Maṣrī, Saʿīd, 1998. ʿĀdat al-Haykalāh wa Mafhūm al-Fuqr In: Muḥammad Abu al-Mandūr. *al-Ifqār fī Bar Miṣr* (Kitāb al-Ahālī: 63). Cairo: Al-Ahālī.
- Naṣṣār, Hibah Aḥmad. Baʿd al-Āthār al-Ijtimāʿīyah li-Barāmīj al-Iṣlāḥ al-Iqtisādī fī Miṣr In: Jawdat ʿAbd al-Khālīq and Hanāʾ Khayr al-Dīn, eds. *Al-Iṣlāḥ al-Iqtisādī wa āthāruh al-tawzīʿīyah*. The Scientific symposium for the department of economics, Faculty of Economics and Political Sciences, University of Cairo, 21–23 November 1992. Cairo: Dār al-Mustaqbal al-ʿArabī.
- Al-Sayyid, Muṣṭafā Kamil, 1996. Madkhalāt wa Munāqashāt Nadwat Shurakāʾ fī al-Tanmīyah In: ʿAlīyah al-Mahdī, ed., *Shurakāʾ fī al-Tanmīyah: al-Jawānīb al-Sīyāsīyah wa al-Ijtimāʿīyah li-al-Iṣlāḥ al-Iqtisādī fī Miṣr* (Qaḍāyā al-Tanmīyah; 3). Cairo: Markaz dirāsāt wa buḥūth al-duwal al-nāmīyah, faculty of economics and political sciences, University of Cairo.
- Al-Sayyid, Hudā, 1997. Āthār barnāmaj al-Tathbīt wa al-Takayyuf al-Haykalī ʿalā Mustawā al-Maʿīshah fī Miṣr. In: Buḥūth Iqtisādīyah ʿArabīyah, (9). Cairo: the Arab Society of Economic Research, Autumn.
- Al-Shirbīnī, Naʿīm, 1990. Al-Sīyāsāt al-Iqtisādīyah: Qaḍāyā wa mafāhīm. *Al-ʿArabī* (kuwait), 381, August.
- United Nations Development Programme (UNDP), 1997. *Preventing and Eradicating Poverty: Main Elements of a Strategy to Eradicate Poverty in the Arab States*. New York: UNDP, Regional Bureau for Arab States.
- Zakī, Ramzī, 1987. *Al-Tārīkh al-Naqdī li-l-Takhalluf: Dirāsah fī Āthār Niẓām al-Naqd al-Dawli ʿalā al-Takwīn al-Tārīkhī li-l-Takhalluf bi-Duwal al-ʿĀlam al-Thālīth*. ʿĀlam al-maʿrifah, 118. Kuwait: Al-Majlis al-waṭanī li-l-thaqāfah wa al-funūn wa al-adab.
- Zakī, Ramzī, 1998. *Waddʿan li-l-Ṭabaqah al-Wuṣṭā*. Cairo: Dar al-Mustaqbal al-ʿArabī.