

# A Long Look at Nearly Two Centuries of Long Staple Cotton

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## Introduction

THE AIM OF THIS PAPER is to examine the production of Egypt's major modern field crop, long staple cotton, since its introduction in 1820 until the present day. The attraction of this subject for me is twofold. First, it allows me to return to something which I covered in part in my doctoral thesis (and first book); *Cotton and the Egyptian Economy 1820–1914*. Second, it provides an opportunity to continue the story down to the present day, when, for the first time since a brief period just before the Revolution of 1952, the production and sale of Egyptian cotton is almost entirely free from government intervention and when there are plans to re-open the Alexandria (cotton) Futures Market (the world's oldest), closed since 1961. I also hope that the use of such a long perspective will have a value in its own right by allowing us to pin-point the most significant developments and debates which have defined Egyptian agricultural practice in the modern period.

As is well known, cotton of some kind was grown in Egypt for many centuries before the early nineteenth century. But what distinguished the type introduced by Muhammad 'Ali was the length of its individual threads (known as the staple) and the fact that, for most of the modern period, it and its successors allowed Egyptian cultivators to provide at least 60 per cent of the world's extra long staple crop ( $1\frac{3}{8}$ " +) and nearly half of the long staple crop ( $1\frac{1}{4}$ " >

1 $\frac{3}{8}$ ". This has always given Egypt's cotton a price premium over the shorter lengths produced in India, the United States, and elsewhere on account of the fact that it could be spun into a stronger, finer thread of a silky quality which has managed to maintain a special market for itself until the present day.

In what follows I will divide my analysis into four parts. I will begin by using data displayed in three graphs and a table to examine changes in the size of the cotton harvest, its share of Egypt's cultivated land, its yield per *feddan* (1.038 acres) and the division between what was sold abroad and what kept for domestic production. Second, I will look at the role of government in trying to manage production of this valuable asset. Third, I will say something about its often problematic links with the textile industry, Egypt's most important twentieth-century industrial activity in terms of value of output and numbers of workers employed. Finally, I will make a few remarks about the new era in cotton production which was opened, in May 1994, by the decision to return to a free market after over forty (some might say fifty-five) years of government control.<sup>1</sup>

### Changes in the Production and Intensity of Cotton Production 1820–1995

Figure 16.1 shows the fluctuations in the size of the cotton harvest over two centuries. Up to 1880, the figures used are those for exports, which provide a good proxy for harvest size as almost all the crop at that time was sold for foreign use. The totals are expressed in terms of five-year averages, a practice which tends to obscure year-to-year fluctuations but which gives a better idea of underlying trends.

The data seem to show a division into two long periods. The first, from 1820 to 1914, is one of a continuous increase in output, with a particularly sharp advance after 1890. But the second, from 1914 to the present day, is marked by a series of more cyclical movements of advance and retreat, with each new peak no more than a million to (very occasionally) two million *cantars* above the pre-First World War average (1 *cantar* = 44.928 kg).

To speak very generally, the long nineteenth century was a period in which cotton became entrenched in the system of rotations practised, first throughout the six provinces of Lower Egypt, and then through parts of Middle Egypt as well. Two sets of forces seem to have been dominant. On the supply side there were the near-continuous improvements in the system of perennial irrigation which allowed the growing cotton plants to be watered throughout the summer when the Nile itself was at its lowest. This process was begun under Muhammad 'Ali with the deepening of the existing canals so as to be able to draw off water

<sup>1</sup> Cotton production was subject to control over the area sown and marketing during the Second World War. These controls were only briefly removed at the end of the 1940s before being reimposed in 1952.

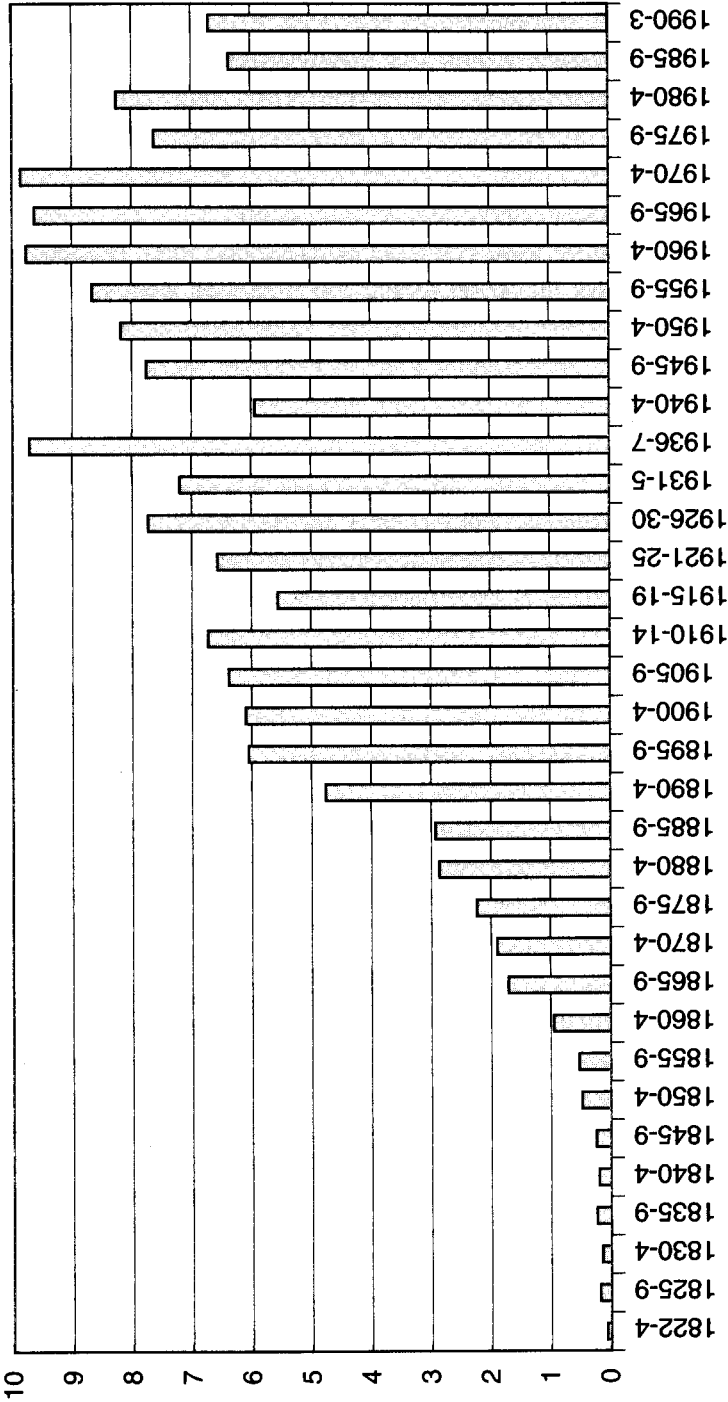


Figure 16.1 Cotton production, 1822-93: annual averages in millions of cantars.

from the low Nile, and reached its peak with the strengthening of the Delta Barrage in the late 1880s and then the construction of the first Aswan Dam just over a decade later. Both allowed much greater flows through new canals which made water readily available throughout the Delta and then the Middle Egyptian provinces of Fayyum, Bani Suaif, Minya, and Asyut.

On the demand side there was a combination of two price effects. One was the impact of repeated periods of high international prices such as those during the cotton boom of the early 1860s and the years after 1900. The other was the fact that, throughout the whole period, cotton growers were able to obtain a higher return per feddan than for any other Egyptian field crop. To this should be added that, from the late 1840s onwards, producers were given access to supplies of seed and credit, as well as ginning, transport, and marketing, by an increasingly sophisticated network of local and foreign merchants linking Egypt directly with its customers in Lancashire and the rest of Europe.

Nevertheless, as I and many others have been able to show, this development had an obvious downside.<sup>2</sup> For one thing, the British irrigation engineers were not nearly as successful at providing drainage as they were new water, a situation which quickly led to waterlogging of the soil and increased salinity. For another, the intensification of cotton production over so many more months and so many more fields multiplied the host plants for pests like the pink boll worm which began to cause huge damage to the crop soon after 1900. Taken together, both factors produced a significant decline in yields just before the First World War and continued to provide a brake on development for the rest of the twentieth century.

Turning now to the second half of the story beginning in 1914, we see a combination of two underlying trends at work. One was an alternation of periods of heavy investment in drainage with ones of the provision of yet more new water for Egypt's fields. Hence the expenditures on drainage in the post-war period were largely instrumental in allowing harvests to regain their pre-1914 size in the late 1920s and then to exceed it in the late 1930s and again, after the Second World War, in the 1940s. However, history repeated itself after 1952 when many of the gains in yield obtained during the Nasser period were put at risk by the regime's failure to provide the drains necessary to take care of the extra water provided by the new High Dam opened in 1964. By 1970 it was estimated that a third of Egypt's land was affected by salinity. The result was another burst of investment in (covered) field drains instituted by the Sadat regime with American support as well as a state-encouraged doubling of the use of nitrogenous fertiliser between 1970 and 1980.<sup>3</sup>

<sup>2</sup> For the best contemporary account see Selim (1940). For later analysis see Owen (1968), 55–61, 63–5, and Richards (1982), pp. 69–80, 120–34.

<sup>3</sup> Antle (1993), 173.

Another such cycle affecting cotton yields can be discerned as a result of governmental efforts to combat pests, campaigns which, at times, seemed to have brought the situation under control through the introduction of a combination of new, earlier flowering strains, leaf-picking campaigns and better pesticides, only for cultivators to experience a dramatic repeat of 1909's disastrous worm attacks in 1961 and then 1994.

The second source of cotton's vulnerability was its close links with the international economy, in terms of reliance both on overseas markets and on foreign supplies of vital inputs like fertiliser. Hence there was an inevitable falling off in output during both world wars.

Figure 16.2 traces the expansion of the area devoted to cotton and its relationship to Egypt's total amount of cultivated land. The data show that the cotton area more than doubled between the early 1880s and the years just before the First World War and then settled down to many decades of fluctuations between 1.5 and 1.8 million feddans a year, before falling away again during the 1970s. This, in turn, meant that just over 20 per cent of Egyptian fields were placed under cotton at the end of the nineteenth century, rising to roughly 1/3 or slightly above for a long period from the first years of the twentieth century to the early 1960s, after which the ratio declined quite sharply until the present day.

These data also raise the question of the length of the cotton rotation. From at least the 1920s it was widely recognised that soil fertility was best protected by a three-year rotation, a discovery which many believed lay behind repeated government attempts to limit annual cultivation to a third of Egypt's land (see next section). However, the situation was complicated by two other factors. First, it was only after the Second World War that cotton could be grown throughout the country following the extension of perennial irrigation to the two provinces south of Asyut. Until then it was confined to some 90 per cent of the cultivated area. Second, many cultivators, particularly the poorer ones, preferred to try to maximise their short-run returns by practising a two-year rotation, until forcibly prevented by government policy (acting through the nationwide co-operative system) after 1963.

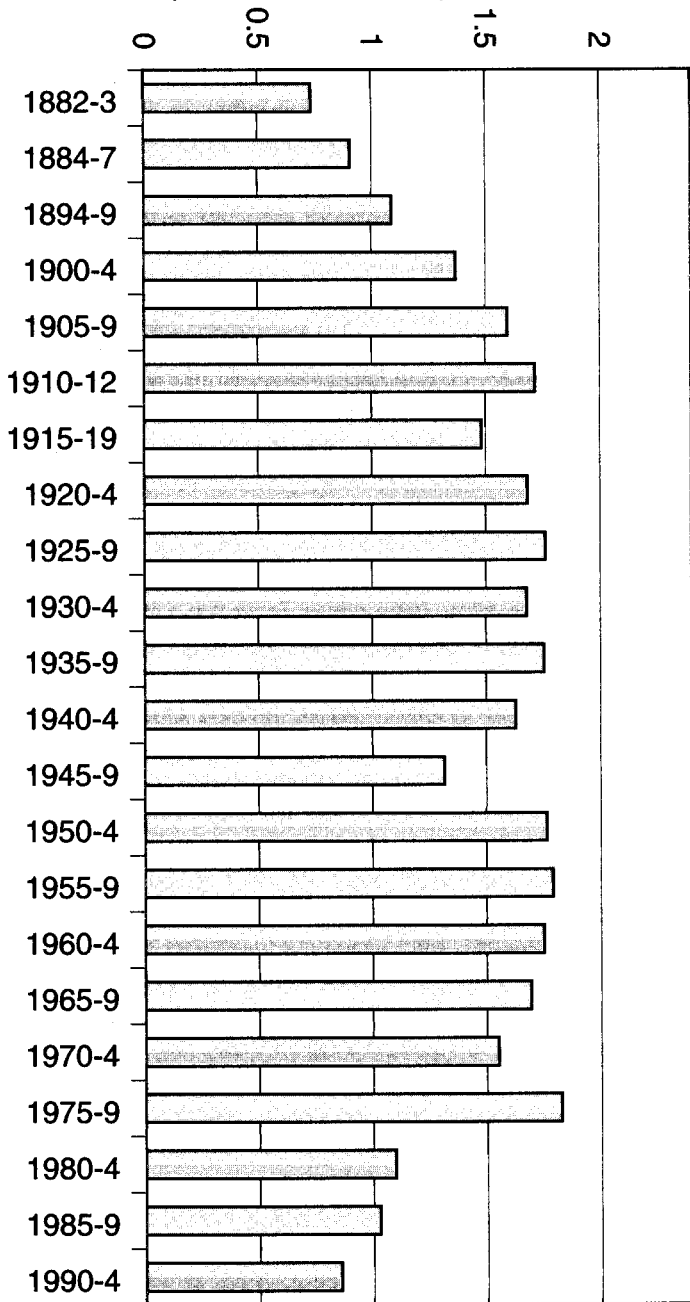
We must also remember that there was a growing gap between the cultivated and cropped area due to the increasing practice of planting multiple crops a year. Looked at in these terms, cotton took up only 18.8 per cent of the cropped area in 1950–4 and just less than 12 per cent in 1975–8.

Figure 16.3 gives data about cotton yields expressed in terms of cantars/feddan. These rose steadily in stages throughout the nineteenth century and then experienced a more uneven process of advances and retreats for reasons which will be discussed further below. Undoubtedly the most noteworthy feature was the huge rise in yields in 1975–80, followed by an equally sharp fall to 1990.<sup>4</sup>

<sup>4</sup> Antle (1993), fig A2.3, p. 483.

Area planted with cotton (millions of *feddans*)

Figure 16.2 Area planted with cotton, 1822-3, 1884-7, 1894-1994: annual averages in millions of *feddans*.



**Table 16.1** Cotton area as proportion of total cultivated area (%).

Year	%
1897/8–1899/1900	22.63
1900/1–104/5	25.77
1905/6–1909/10	29.82
1910/11–1912/13	32.57
1917/18–1919/20	29.69
1920/1–1924/5	31.18
1925/6–1929/30	32.43
1930/1–1934/5	29.79
1935/6–1938/9	33.89
1950/1–1952/3	31.29
1956/7	31.64
1961/2	27.70

Source: Richards (1982) 74, 115.

**Table 16.2** Cotton area as proportion of total cropped area (%).

Year	%
1950–4	18.80
1960–4	17.00
1970–4	14.30
1978–81	10.70

Source: Commander (1987), 60.

**Table 16.3** Proportion of Egyptian cotton crop locally consumed.

Year	%
1930–1	1
1940–1	9
1945	20
1956	30
1965	45

Source: Hansen and Marzouk (1965), 97; Tignor (1989), 45, 49.

The significance of these data is great for, given the fact that the cotton area remained more or less finite to 1960–4 and then shrank thereafter, the only way in which harvest size could increase was via constantly improving productivity.

Finally, Table 16.3 provides some sketchy information about the share of Egypt's cotton harvest sold for local consumption. This rose from about 1 per cent in 1930/1 to 9 per cent in 1940/1, 20 per cent in 1945, 45 per cent in 1965

Average annual yield of cotton (cantars/feddan)

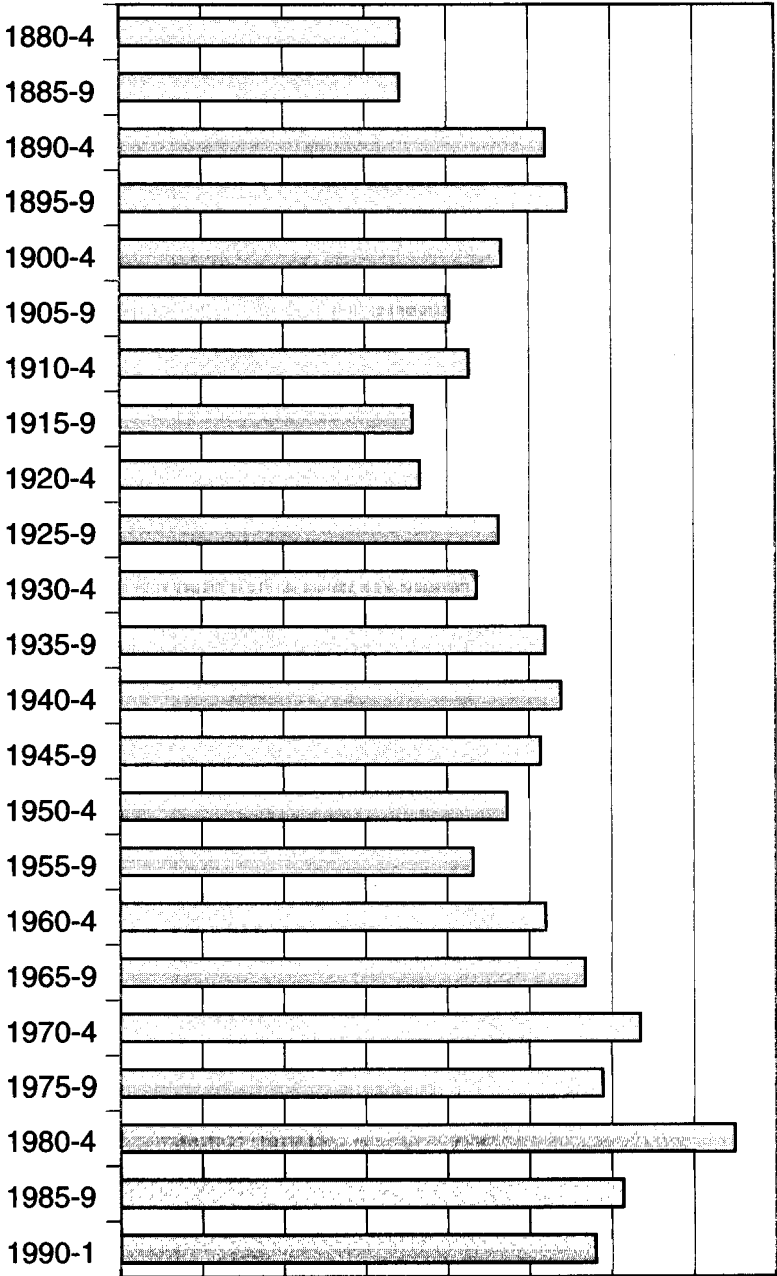


Figure 16.3 Average yield of cotton, 1880-1991: annual averages in cantars/feddan.



and what could well be almost 100 per cent in 1995/6 (although, admittedly, on the back of a well-below-average harvest). The background to these data in terms of Egypt's growing textile sector will be discussed later.

### **Government Policy Towards the Cotton Sector**

The introduction of long staple cotton into the agricultural rotation practised in parts of the Delta required significant government intervention, including direct orders to cultivators about what to plant and where. But after the break up of Muhammad 'Ali's state monopoly of production and marketing in the 1840s Egypt's rulers, though anxious to increase harvest size, pulled back from such immediate involvement in the production process, confining their activities to encouraging the spread of cultivation through such indirect methods as developing the country's systems of irrigation and transport. As is well known the British did not even create a Ministry of Agriculture until just before 1914, thus depriving themselves of one possible instrument for guiding agricultural life. The only direct interventions that they were prepared to countenance concerned such measures as the introduction of compulsory leaf-picking as a form of pest control in the first years of the twentieth century.

Things began to change as a result of the First World War. First, there was the introduction of a system of government purchase at a fixed price combined with restrictions on the area which could be planted with cotton to a third of the cultivated area in 1915, followed by compulsory purchase of the cotton seed crop in 1918.<sup>5</sup> As is often commented, such practices aroused great hostility among the cultivators themselves, particularly towards the end of the war when, for a few months, they were offered less than the world price for their crop. Then, for most years from 1919 to 1933, the government introduced annual restrictions on the acreage allowed to be planted in cotton in the misguided attempt to raise the international price. This was accompanied by an almost equally unsuccessful attempt between 1921 and 1930 to iron out price fluctuations either by government purchase of part of the harvest or by encouraging cultivators to hold back sales in return for advances provided through the National Bank. The historical evidence suggests that both interventions were made at the behest of the large landowners acting through the newly created General Egyptian Agricultural Syndicate, although, as Bent Hansen notes, Syndicate pressure was only really effective when prices were thought to be too low.<sup>6</sup>

Policies were then reversed during the world depression, largely through the

<sup>5</sup> 'Situation in Egypt with regard to the supply of cereals', enclosed in E. Cecil, Cairo 29 Jan 1917, PRO, FO 368/1719.

<sup>6</sup> Hansen (1992), 84-5.

intervention of Ahmad Abd al-Wahab, the Under Secretary of State at the Ministry of Finance, whose 1930 report argued cogently that Egypt's exports were too small to influence world prices and, therefore, that all restrictions on acreage should be lifted.<sup>7</sup> Whatever the merits of this argument—and it has been challenged on a theoretical level by Hansen and Girgis Marzouk—the result was that, by permitting unrestricted planting of cotton again, the government ensured that Egypt got through the depression with much less damage to its export earnings than occurred in other cotton-producing countries.<sup>8</sup>

The Second World War saw a return to a tighter control over the cotton sector through the Egyptian Cotton Commission, which bought up much of the crop at fixed prices, storing it until the war's end after which it was slowly sold off. Meanwhile, the Alexandria Futures Market was closed from 1940 to 1949 and acreage restriction again imposed on the cotton area. The purpose of this latter policy was, first, to force cultivators to devote more land to food crops like cereals, then, after the war, to make it easier for the government to sell off its accumulated stocks. These restrictions were not lifted until 1950, just in time to allow a huge expansion of output in response to the high prices during the Korean War boom. But the boom also forced the reclosure of the Futures Market in response to its manipulation by a few powerful traders who used it to make large speculative profits, thus completely subverting its major *raison d'être* which was to provide cultivators and merchants with a hedge against excessive price fluctuation.

The seizure of power by the Free Officers in 1952 produced yet another switch in government policy. Once again, from 1953 to 1959, acreage restrictions limited the cotton area to just a third of Egypt's cultivated land, while the government used its control over the distribution of seed to try to force cultivators to grow more of the medium rather than long staple variety (presumably to ensure a better balance of supply for Egypt's own mills). In addition, the new regime used the instrument of the Egyptian Cotton Commission to market the crop abroad and to set the domestic price.

However, this was only a prelude to the almost complete control over cotton production exercised through the nation-wide co-operative system established in 1963. Compulsory membership of such co-operatives had been the rule for those receiving land under the first Land Reform of 1952 and had allowed the state to experiment with the imposition of a consolidated three-year rotation in which the fields belonging to reform villages were divided into three large sections with cotton, birseem (clover) and cereals grown on each in turn. But even after the second stage of the reform in 1961 the land farmed by the supervised co-

<sup>7</sup> Tignor (1984), 113–14.

<sup>8</sup> Hansen and Marzouk (1965), 96–102; Tignor (1984) 114. Some acreage restrictions were still applied from 1933 to the cultivation of one type of cotton: Sakel.

operatives amounted to less than 10 per cent of the total cultivated area so that the decision to establish them in non-reform villages as well represented a major expansion of control. The attraction of such a system was that it combined the virtues of small-scale ownership with the ability to take advantage of certain economies of scale resulting from the treatment of each village as a single unit in terms of the provision of inputs and the co-ordination of such activities as sowing, harvesting, and the use of pesticides. Its success is usually seen as one of the major factors allowing a near doubling of cotton yields between 1950–4 and 1980–2.<sup>9</sup>

In 1964 the new co-operatives were also given a monopoly over marketing Egypt's crops, including cotton which was subject to compulsory delivery to government-controlled gins. From the state's point of view this had the advantage of providing a simple mechanism whereby each cultivator could be charged for his or her taxes, as well as for the cost of inputs like credit, seeds, and fertiliser, out of the money they obtained for selling their crop, a system not unlike that imposed by Muhammad 'Ali in the 1820s and 1830s. It has also been argued that the government was able to use the system to squeeze money out of the agricultural sector by charging cultivators more than the market price for inputs and paying less than the market price for cotton.<sup>10</sup> However, as Commander has demonstrated, the calculations necessary to come to such a conclusion are complicated by the fact that the government not only manipulated the prices of inputs and outputs but also provided a wide variety of subsidised services as well.<sup>11</sup>

The system of supervised co-operatives was subject to some amendment due to the liberalising tendencies of the Sadat and Mubarak periods. In particular it became possible to grow an increasing variety of crops without supervision for sale on the free market. This in turn allowed those who owned relatively large holdings to switch out of cotton to other, more lucrative, products like fruit and vegetables which were not subject to government price control.<sup>12</sup> Others with money preferred to pay a fine rather than incur the losses which cotton production often entailed. But for the smaller farmers this created a situation of considerable inequity for they could only meet their official obligation to produce cotton by growing it on every part of their holdings, leaving no room for anything else. It was not until May 1994 that this was remedied by the new legislation which left them free to grow what they liked and how they liked, and to sell it to whomsoever they might choose.

<sup>9</sup> For example, Sadowski (1991), 65.

<sup>10</sup> For example, Mahmoud Abdel-Fadil (1975), 183.

<sup>11</sup> Commander (1987), 29–34.

<sup>12</sup> For example, Ikram (1980), 183.

### The Use of Cotton in Domestic Spinning and Weaving

Given the fact that the introduction of long staple cotton coincided with the beginnings of the textile-based industrial revolution in Europe it was natural that Egypt's rulers should imagine using this crop to create a textile industry of their own. This indeed was the policy followed by Muhammad 'Ali from 1816 onwards with the construction of up to thirty spinning and weaving mills by the early 1830s. Estimates of the amount of cotton they consumed vary widely from 30,000 to 70,000 cantars compared with exports averaging 140,000 cantars a year, 1830-4, and 230,000, 1835-9.<sup>13</sup> Historians of the period have put forward a number of different explanations as to why this experiment failed.<sup>14</sup> My own opinion, drawing on contemporary accounts, is that the Egyptian government of the time lacked the administrative and technical ability to run such a complex industrial organisation, but that the final *coup de grâce* was probably administered by the 1840 treaty limiting the size of the Egyptian army and thus the industry's most reliable domestic market.

Small amounts of local cotton continued to be spun and woven locally through the rest of the century, but it was not until 1899 that two modern mills were constructed by private companies using steam-driven jennies. Neither proved immediately successful, a fact that has tended to heighten the suspicions of Egyptian nationalist historians that they were the subject of a deliberate attempt by Lord Cromer to close them down by way of the imposition of an 8 per cent countervailing duty on their finished products: 'countervailing' meaning a measure designed to offset the impact of the 8 per cent external tariff. Once again there is not enough information to prove the case one way or another. My own opinion is that neither enterprise seems to have been particularly well managed but that Cromer was probably also at fault by giving local industrialists, and would-be industrialists, a signal that the government was not going to allow them any tariff protection whatsoever.<sup>15</sup>

The situation changed quickly during the First World War. On the one hand, the government's wartime Commission on Commerce and Industry produced a report with a strong recommendation that Egypt's future prosperity depended on reducing its dependence on the sale of raw cotton by, *inter alia*, an expansion of manufacturing activity including textiles. On the other, a 1916 regulation forbidding the import of foreign cotton ensured that any industrialising strategy could only be based on the use of Egyptian long staple cotton as a raw

<sup>13</sup> Owen (1981), 67, 69-73.

<sup>14</sup> For my views see Owen (1981) 75-6. For a summary of opposing views see Marsot (1984), 173-9.

<sup>15</sup> See Owen (1966), 282-301.

material.<sup>16</sup> Hence, although no new modern mills were constructed until 1927, everyone expected that, once tariff autonomy was obtained in 1930, the government would immediately impose a high enough level of protection to make a local textile industry a viable concern. And this is indeed what happened: the introduction of higher and higher duties created space for the emergence of two large rival enterprises, the old Filature Nationale (a greatly expanded version of the firm originally founded in 1899) and the new Misr Spinning and Weaving complex funded by the Bank Misr. The result, as already noted, was an immediate increase in the local consumption of domestic cotton from 1 per cent of the harvest in 1930–1 to 20 per cent in 1945. (Table 16.3) This, in turn, allowed local industry to raise its share of the Egyptian textile market from 12 to 90 per cent during the same period.<sup>17</sup>

Looked at from the perspective of an import substitution strategy the establishment of an Egyptian textile industry could be hailed as a great success. But there is another side to the story which has continued to trouble administrators and economists down to the present day. It is clear that, from its inception, the industry suffered from two great drawbacks. One was the need to use high-grade local cotton to provide clothes for a population with limited purchasing power. Thus, according to Robert Tignor, the cost of the Egyptian Ashmouni cotton used for the low counts was 10 to 40 per cent higher than its Indian or American rivals.<sup>18</sup> The situation was only partially relieved by the introduction of plant to spin and weave small quantities of higher quality cotton products in association with two British firms at the end of 1930s. The other drawback was the domination of the industry by only a few large firms which raised costs still further by encouraging inefficiency and over-manning.

It is easy, with historical hindsight, to argue how things might have been ordered better. Clearly there would have been many advantages either in allowing the new industry to import cheaper cotton from abroad or in encouraging it to move up-market to produce only high-quality products for export, leaving the provision of the local textile market to low-cost imports from India or Japan. But this is to ignore the conditions of the time. Successful industrialisation required co-operation between the agricultural and manufacturing interests based, it was argued, on the use of local raw materials in local factories. Then again the British were putting pressure on the Egyptian government to protect its own market from Japanese competition and so allow room for continued purchases from Lancashire.<sup>19</sup> And, as Tignor points out, Talaat Harb, the mastermind behind

<sup>16</sup> The immediate rationale for this measure was said to be a desire to prevent the adulteration of Egyptian cotton by inferior foreign varieties. But it is difficult not to see it also an effort to boost local demand at a time in the war when Egypt was having difficulty in selling all its crop abroad.

<sup>17</sup> Tignor (1989), 45.

<sup>18</sup> Tignor (1989), 46–7.

<sup>19</sup> Shimizu (1986), ch. 5.

the Egyptian textile industry, loved 'bigness' when it came to factory organisation, a policy which his British partners were only too happy to go along with.<sup>20</sup>

Nevertheless, it is interesting that many of these same criticisms were being made at the time, particularly when the industry ran into a serious post-1945 crisis when its rapid expansion meant that it had created a greater capacity than needed to meet all of Egypt's own domestic requirements. Hence some experts were beginning to suggest that industry should either be allowed to import cheap cotton or encouraged to switch over to higher quality exports.<sup>21</sup> At the same time there was also beginning to be pressure for the country to obtain much-needed foreign exchange, an aim which could have been met in part by reducing local consumption and selling more of each harvest abroad.

However, it was just at this moment that the Revolution took place, leading first to a run down of investment in the textile sector and then, when a new statist strategy emerged in the early 1960s, to a renewed emphasis on creating as large a manufacturing capacity as possible. As a result textiles remained Egypt's largest employer of man- and woman power with a current labour force of nearly 600,000, a third of those employed in industry, while contributing 25–30 per cent of the total value of manufacturing output.<sup>22</sup> The problems this produced in terms of bigness, over-manning and inefficiency have been well examined by Heba Handoussa and others in terms which suggest that the industry itself began, and has always remained, a problem-filled venture.<sup>23</sup>

We should also note that there has been a significant shift in the structure of the textile sector as well. During the 1980s a number of much smaller, private enterprises were established, manufacturing high-quality clothing, first for the domestic market (including tourists) and then for sale abroad. This in turn encouraged a small part of the state sector to follow suit by concentrating on the manufacture of more expensive knitted fabrics and ready-made clothing.

### Cotton in the 1990s

The deregulation of the cotton sector comes at a time when, as the data in Figure 16.2 show, the area devoted to cotton cultivation has dropped below a million feddans for the first time in a hundred years. Cotton was grown on 896,000 fed-

<sup>20</sup> Tignor, (1989), 42–3. But, of course, the general tendency of entrepreneurs to try to establish a monopoly position within a protected market is well documented from around the world.

<sup>21</sup> Tignor (1989), 64. See also El-Gritly (1947), 488–528, for a discussion of monopoly and oligopoly within the manufacturing sector.

<sup>22</sup> 'Playing cotton picking politics', *Financial Times* (20 May 1996), 'Egypt', p. V; Sadowski (1991), 45.

<sup>23</sup> For example, Heba Handoussa, 'Public sector employment and productivity in the Egyptian economy', mimeo of report prepared for the ILO Comprehensive Employment Strategy Mission to Egypt, Cairo 1980.

dans in 1994, the first year of liberalisation, and only 734,000 feddans in 1995.<sup>24</sup> While no one can be sure exactly why this fall has taken place it seems reasonable to conclude that it is a response to a number of powerful forces. First, it looks like the continuation of a trend which has been going on for several decades in which farmers have been moving out of cotton into more remunerative crops. Second, the recent seasons have been greatly affected by bad weather and pest attacks exacerbated by general uncertainty about the future and, in particular, about price and about the role of government now that it has decided to return, at least temporarily, to a more managed market (see below). Third, although cultivators have been given freedom to grow what crops they choose they have also lost their access to subsidised seeds, fertilisers, and pesticides.<sup>25</sup>

To make matters more complicated, the falling off in harvest size has had such major implications for both the domestic textile industry and foreign sales that government policy has been put in considerable disarray. The relevant ministries seemed to have been caught completely by surprise when, in the summer of 1994, prices rose far above their recommended minimum price as speculators and domestic producers vied with each other to buy up a well, below-average crop. To make matters worse, one local trader, Mr Mahmoud Wahba, conducted a well-publicised coup in which he managed to purchase 18 per cent of the harvest and then to hold it off the market until prices rose still further and he was able to make a huge profit.<sup>26</sup>

Worries about shortages in supply brought an immediate chorus of complaint from both managers and workers in the state-sector textile industry and demands for immediate government action to prevent their having to shut down. The government's response came in two stages in 1995. First, it tried to reduce speculation by saying that it would penalise any private trader who stocked cotton without selling it for more than a month. Then, when prices still continued to rise, it intervened more forcefully as the crop was being harvested in October, freezing all exports of cotton until domestic demand had been met, changing its 'recommended' price into a maximum price to prevent further speculation and conducting raids to discover stocks held illegally for too long by some of the dealers.<sup>27</sup>

The ban on exports was only lifted in February 1996 once supplies for domestic industry were finally assured. However, official concern at the increasingly volatile situation among public-sector textile workers continued, leading the following month to yet another historical innovation, the final abolition of the 1916

<sup>24</sup> James Whittington, 'The cotton market: Free but vulnerable', *Financial Times*, 15 May 1995.

<sup>25</sup> Whittington, *Financial Times*, 15 May 1995. See also the same author's, 'Egyptian cotton policy in a tangle', *Financial Times*, 15 December 1995.

<sup>26</sup> Whittington, *Financial Times*, 15 December 1995.

<sup>27</sup> 'Playing at cotton picking politics', *Financial Times*; 'Furore on domestic cotton market', *Egyptian Gazette* (13 January 1996).

ban on imported cotton.<sup>28</sup> New regulations permitted unlimited purchases from those areas of the world declared free of pests and diseases provided that they were subject to a rigorous fumigation on their arrival in Egypt. The result would be to allow the state sector to obtain supplies of perfectly satisfactory short staple cotton at around a third of the cost while releasing perhaps 150,000 tonnes of the country's own long staple harvest for export.<sup>29</sup>

For some, the situation is seen as an inevitable result of the difficult transition from a regulated to a free market. In this particular case, the government finds itself caught between a great number of competing interests. There are the cultivators who see high prices beckoning but do not know how long these will be allowed to last. There is the huge, and still influential, state textile sector which is committed to improving the efficiency of its operations in preparation for future privatisation. There are the small, private, sector, producers of high-quality knitted and woven garments, the value of whose exports rose by 65 per cent over the period 1992–4, and who now provide a quarter of the country's sales of textiles abroad. There are the traders, dealers, and merchants who wish to be able to profit from the ability to buy and sell, import and export, without regulation or constraint. And finally there are a number of external governments and institutions and interests with an obvious interest in the matter. These include the new World Trade Organisation to which Egypt is obligated to open up its domestic textile market to foreign competition, the European Union with which it is still negotiating a treaty of association with special emphasis on European assistance in upgrading state-sector factories and, last but not least, the businesses in countries like Switzerland, Italy and Japan which continue to rely on long staple Egyptian cotton for their own special purposes and who have had to be assured that they too will receive the supplies they need. Whether market forces alone can effect a compromise between these various interests remains to be seen.

### **Conclusion: And Some Final Questions**

It is not the purpose of this paper to predict how all these problems could or should be resolved. However, I hope that I have said enough to indicate that cotton's days are far from over and that it will remain an extremely valuable crop until well into the next century. Indeed, if there is one thing on which all experts seem to agree it is that the present trend towards a smaller cotton acreage should be immediately arrested.

For the rest, this look at nearly two centuries of production reveals a number of significant trends. On the one hand, there have been cycles of government

<sup>28</sup> Limited imports of foreign cotton had been allowed in 1975–80 and from 1984 onwards, but only under tight government control, Antle (1993), Fig A.2.5, p. 484.

<sup>29</sup> 'Government liberalises cotton imports', *Egyptian Gazette* (1 April 1996).



intervention, cycles in the priorities given to irrigation or drainage, and, since 1914, cycles in production, in yields and so in output itself. On the other, certain basic features have remained more or less unchanged. One is the difficulty still posed to the employment of certain types of machinery—for example mechanical pickers—and therefore the continued need to employ large numbers of workers at harvest time. Another, noted by Hansen and Alan Richards, is the persistence of attempts to organise cultivation in units which combine a peasant type of production with the opportunity to obtain supply-side economies of scale. The first was the *ezba* of the large landowners on which they grew cotton using the labour of service tenants who were allowed to rent small plots of land on the estate. The second was the supervised co-operative of the Land Reform era.<sup>30</sup> Finally, we may note what seems to be the most important consistency of all: the way in which, in spite of competition from Sudan, the US, Peru and elsewhere, Egypt has managed to hold on to a significant share of the world's market for long and extra long staple as evidenced, for example, by the rise in the international price in the last months of 1995 as a result of uncertainty about how much of its cotton would be released for export.

As for the major developments since 1820, two stand out above all. One is the growth of the Egyptian textile industry and its increasing, if enforced, dependency on local supplies—for better or worse. The other is the overall trend towards high yields per *feddan* in spite of the setbacks experienced in the periods 1900–1920, 1940–60 and in the 1980s.

However, figures and graphs tell only part of the story. For nearly two centuries cotton has dominated the lives and expectations of most of the rural population of Egypt, determining land use, technology, and the constant cycle of back-breaking labour. It has exerted great influence on the land itself, encouraging its cultivation in small plots divided by canals and drains. It has produced cash and credit, debt and despair. It has linked each village directly to the world market, forcing it to live and breathe according to the dictates of producers and consumers, bankers and politicians far away.

Was it worth it? Could things have been ordered differently? Or better? Given cotton's enormous impact on the lives and fortunes of the modern Egyptians these are the kind of questions which have occupied policy-makers as well as economists and historians for much of this century and which will, no doubt, continue to exercise their successors for much of the next century as well.

As we have seen, four particular questions have exercised governments in the Muhammad'Ali period and then since the end of the First World War. One is the extent to which Egypt has (or ever had) any control over the price of its long and extra long staple cotton. Or, to put it another way, is (or was) there a

<sup>30</sup> I first heard Hansen make this suggestion at an economic history conference in Princeton in the early 1970s. It was amplified by Richards (1982), 180–1.

separate market for these staples within the larger market for cotton in general? A second concerns the wisdom of trying to industrialise Egypt on the basis of textile factories which have been obliged to use the country's own high-value cotton to produce cheap cloth for domestic consumption when imports of a less expensive raw material would have done just as well? Third, what is the most effective use of what, since 1914, has been a more or less finite amount of agricultural land (some 6 million feddans)? More specifically, what proportion should be planted in cotton, what in food crops and what in those citrus and vegetable crops which, for many decades, have made the most profitable use of Egypt's valuable soil? And fourth, what is (and was) the most efficient size of agricultural unit for producing cotton: is it best cultivated on small, medium, or large plots?

As far as the historical record is concerned the provisional answers to the first and second questions would seem to be clear: Egypt had only occasional influence on the international price while a local textile industry would have done better to be allowed to import lower staple supplies from abroad. The problems posed by questions three and four, however, do not admit of any easy analysis, being dependent on a very large number of variables, the weight of which varied greatly over time. All that can be said with confidence is that the state's own attempts to find an administrative solution are perceived to have failed and that, from now on, it will be market forces which will largely determine the matter as they did before the early 1960s, although in the new context in which labour is much more scarce and opportunities for the export of fruit and vegetables very much greater.

Historians, whether of the national school or not, are bound to ask a different, and larger set of questions. What was cotton's role, for example, in the country's first international bankruptcy in the 1870s, in its subsequent dependency on foreign powers, or in the perennial backwardness of its countryside? It seems fair to say that the judgements encouraged by this perspective will seem much harsher with an emphasis on the way in which cotton, like the Suez Canal, produced international benefits bought at the expense of Egypt's struggling native population.

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