

Strategic and Political Studies during the late spring of 1983. The sample was selected in relatively equal proportions from three government sector agencies: the Ministry of Social Affairs, the Ministry of Industry, and the Aluminum Corporation. Collectively, the three administrative agencies represent (1) a service-oriented bureaucracy, (2) a production-oriented bureaucracy, and (3) an on-line public sector bureaucracy. The Aluminum Corporation was selected because of its reputation as one of the most productive of Egypt's public sector companies, thereby providing an opportunity to examine the bureaucratic process in what is reputed to be one of Egypt's best-run bureaucracies.

The Al Ahram study also drew upon a wide variety of government reports, Ph.D. dissertations, press reports, and personal interviews. We would also be less than candid if we did not acknowledge the experience and participant observation of members of the research team.

The project was headed by El Sayeed Yassin, the director of the Center. Members of the research team included Ali Leila of Ein Shams University, Monte Palmer of Florida State University and a Senior Research Fellow of the Center, and Olfat Aga of the Al Ahram Center. The members of the research team wish to express their appreciation to all the officials that participated in the survey. Particular appreciation is also due to the Minister of Social Affairs, the Minister of Industry, and the Director of the Aluminum Corporation. Special thanks are also due to Mr. Mustafa Al Khouri of the Al Ahram Computing Center for his willingness to work long and irregular hours in order to expedite the timely completion of the project. We would also like to express our deepest appreciation to the Ford Foundation and to Dr. Ann Lesch, the program officer in charge of the Al Ahram project. Thanks, too, is due Sayeed al Majid, Kathie Austin, and Mary Schneider for their invaluable assistance to various stages of the project.

All errors and omissions in the execution of the project and in the preparation of this volume remain the sole responsibility of the authors. The opinions expressed in this volume are the authors' and do not reflect the official views of the Ford Foundation or the Al Ahram Center.

## 1



## *Bureaucracy in Egypt*

### *An Overview*

The Egyptian bureaucracy, in common with most bureaucracies of the Third World, performs two basic functions. First, it maintains an ever-increasing array of services essential to the day-to-day operation of the state. Secondly, it bears primary responsibility for the economic and social development of Egyptian society. Both functions are critical to the political and economic viability of the Egyptian state. If the bureaucracy falters in its ability to deliver an adequate level of maintenance services, the Egyptian government may soon find it impossible to cope with the demands of a burgeoning population that is expected to double within the next twenty years. By the same token, if the bureaucracy cannot or will not play a dynamic role in the areas of economic and social development, the economic shortages and social dislocations of the present era will merely be exacerbated, presenting future generations with economic and social problems of incalculable proportions.

What, then, is the capacity of the Egyptian bureaucracy to provide the citizens of Egypt with an adequate level of services? And, in particular, what is the capacity of the Egyptian bureaucracy to play a dynamic role in the economic and social development of Egyptian society?

In an effort to provide answers to these questions, the Al Ahram Center for Strategic and Political Studies undertook a major analysis of the developmental capacity of the Egyptian bureaucracy. The Al Ahram study was supported by a grant from the Ford Foundation and centered on a sample survey of bureaucratic attitudes and be-

havior. In addition to the survey, the study included informal interviews with a variety of administrators, politicians, and scholars.

The results of the Al Ahram study are presented in three sections. The initial section, chapters 1 and 2, provides a general overview of the Egyptian bureaucracy and outlines the critical role that the bureaucracy must play in the developmental process. The initial section also examines the social and political milieus in which the Egyptian bureaucracy operates as well as the massive economic and social problems for which it must find solutions if Egypt is to enter the final decade of the twentieth century with a reasonable hope of achieving sustained economic growth. The second section of the volume, chapters 3 through 7, presents the results of the survey of 826 Egyptian civil servants that constituted the central focus of the Al Ahram project. These chapters assess the developmental capacity of the Egyptian bureaucracy and explore some of the reasons for its lackluster performance during the past decades. The third section of the volume, chapter 8, summarizes the results of the Al Ahram study and presents recommendations for bureaucratic reform based upon the data presented in chapters 1 through 7.

#### **Bureaucracy and Development under Nasser and Sadat**

In the years that have elapsed since Egypt attained independence from the British in 1923, successive Egyptian governments have struggled with the problems of overpopulation, poverty, illiteracy, social inequality, and underdevelopment. The efforts of postrevolutionary governments to alleviate these problems achieved major successes in the areas of health, education, social justice, and human services. Indeed, Egypt now exports its administrative and educational expertise to most of the oil-producing states of the region. In spite of successes in the areas of health and education, however, Egypt's own economic and social development has been slow and halting. Illiteracy continues to be a problem, the economy is lethargic, and rampant population growth threatens to erode the economic and social gains of the past decades.

Egypt's disappointing record in the areas of social and economic development during the first half of the twentieth century can be attributed to a variety of factors. Until 1923, Egypt languished under

various forms and degrees of colonial domination. Economic progress during the years of the monarchy was depressed by political conflicts, by an over-dependence upon primary exports (cotton), by the lack of a strong domestic market, by the mercantile policies of the British, by the dislocations of two world wars, by a rampant population explosion, and by the presence of a political regime that was either unwilling or unable to provide concerted leadership in the fields of economic and social development. The Egyptian bureaucracy, for its part, was ill equipped to plan, stimulate, or otherwise play a major role in the development of the Egyptian economy. Indeed, as Egypt moved deeper into the Farouk era, the Egyptian bureaucracy was used primarily to maintain order and to feed Farouk's insatiable demands for revenue. The economy, largely in the hands of foreigners, was allowed to shift for itself.<sup>1</sup>

The July revolution of 1952 was a product of the monarchy's inability to address Egypt's burgeoning social and economic problems. The revolution's foremost goals were the economic and social development of Egypt and the redressing of centuries of social inequality. The randomness of laissez-faire economics was replaced by centralized economic planning and by concerted efforts to redistribute Egypt's wealth on a just and equitable basis that would provide all Egyptians with at least minimal levels of health, education, housing, and employment. The key words of the era were development and human dignity. Just how these goals were to be achieved was to be worked out with time.<sup>2</sup>

The leaders of the 1952 revolution placed almost total responsibility for the planning and the implementation of their massive economic and social development programs upon the shoulders of the Egyptian bureaucracy. This became even more the case with the nationalization of foreign banks, insurance companies, and industrial organizations in the aftermath of the tripartite aggression of 1956, and the subsequent nationalization of all major economic and commercial establishments in 1961.<sup>3</sup> Indeed, with the advent of the socialist laws of 1961, the ability of the revolutionary government to develop Egypt economically and socially would depend almost entirely upon the capacity of the Egyptian bureaucracy to innovate, plan, coordinate, produce, distribute, and apply economic and social programs on a scale seldom found beyond the confines of the socialist bloc. The success or failure of Egypt's economic and social development would henceforth be the success or failure of the Egyptian bureaucracy.

The burdens of social and economic development, however, were not the only burdens to be placed upon the shoulders of the Egyptian bureaucracy during the Nasser era. Nasser demanded a bureaucracy that embraced socialism as its ideology, a bureaucracy that would impose that ideology upon the masses. The burdens placed upon the frail structure of the bureaucracy, then, were complex indeed.

The bureaucracy inherited from the monarchy was clearly inadequate to the challenges of the revolutionary era. Its numbers were small, its structure was oriented toward control rather than development, and its leadership was tainted by its royal origins. Moreover, it was not at all clear in the minds of Egypt's revolutionary leaders that those who had served the king could also serve the revolution. Reflecting this concern, one of the early acts of the revolutionary government was the establishment of "purge committees" charged with the task of ensuring loyalty, integrity, productivity, and efficiency in government.<sup>4</sup> One source suggests that approximately one-half of the senior officials of Farouk's bureaucracy fell victim to the purge committees.<sup>5</sup>

Reflecting its new and diverse responsibilities, the Egyptian bureaucracy would swell from 250,000 employees in 1952 to approximately 1,200,000 by 1970. The number of ministries would increase from fifteen to twenty-eight during the same period. Public corporations, an artifact of the nationalization of foreign firms and the socialist laws, would jump from one in 1957, the first year of the expropriations, to thirty-eight in 1963. By 1970 their number would reach forty-six.<sup>6</sup>

Bureaucratic expansion, however, was not motivated solely by the staffing requirements of the bureaucracy and the newly acquired public sector. Bureaucratic growth was also spurred by a conscious decision to use government service as a means of reducing intellectual unemployment among the thousands of graduates emerging from the revolution's expanded education system. Under the newly proclaimed "graduates policy," university students were guaranteed bureaucratic positions upon graduation.

Superficially, at least, the graduates policy appeared compatible with the rapid expansion of bureaucratic functions initiated by the revolution. The bureaucracy was in short supply of talent; the graduates, presumably the cream of Egyptian society, needed jobs. Things, however, were not as they seemed. The urgency of the moment

precluded the rational allocation of personnel on the basis of need or qualifications. Jobs had to be done. Programs had to be put into operation. If existing organizations faltered, new units had to be created. Functions overlapped and jurisdictions merged. Laws and regulations proliferated. The skills of the new graduates were not well suited to the demands of the moment either. Most had specialized in the arts, law, or the humanities. Their lack of practical skills was exceeded only by their expectations of authority.<sup>7</sup> As years passed, the number of graduates demanding government employment would far exceed the needs of the bureaucracy. By the early 1980s, many graduates would be forced to wait from two to four years for their promised bureaucratic positions.

The revolutionary government was not unaware of its bureaucratic problems. The shortcomings of the bureaucracy were discussed openly in the press. The calls for reform were many. The problems, however, would be sorted out once the dust had settled and the new programs were in place. Revolutions, after all, are not orderly affairs. In the short run, the regime would rely on the military to provide the bureaucracy with the force and the discipline necessary to accomplish their tasks. Twenty-five percent of the corporate managers in the public sector during the 1960s, for example, were seconded from the military.<sup>8</sup> Top bureaucratic officials were also shifted from unit to unit in an effort to increase productivity. The Nasser regime, then, pursued its economic development and social equality programs with revolutionary zeal. Administrative problems, while many, would work themselves out in the course of time. Time, however, would always be of the essence. Two decades of conflict with Israel, a disastrous military involvement in Yemen, and the heady pursuit of Arab unity preempted the energies of the Nasser regime and precluded a comprehensive reform of the bureaucracy.

The Nasser era, in sum, transformed Egypt into a bureaucratic state. Few areas of political, economic, or social life in Egypt were to be free from government involvement in one form or another. The Egyptian bureaucracy swelled to meet the needs of the new era, yet its structure and organization were poorly suited to the task. Also problematic were the attitudes and behavior patterns of many Egyptian bureaucrats. The revolution may have inspired zeal and optimism among its political leaders, but it did little to shake the lethargy and complacency of its civil servants.<sup>9</sup>

The transition from Abdul Nasser to Anwar Sadat in 1970

## 6 The Egyptian Bureaucracy

NASSAR TO SADAT

dramatically redefined the policy orientations of the Egyptian government. State socialism would be tempered by the revitalization of the Egyptian private sector under Sadat's *infitah* or open-door policy. The Arab Socialist Union would give way to an abortive experiment with multiparty politics. Nasserites and elements of the political left, once the dominant force in Egyptian politics, would find themselves outflanked by Sadat's nurturing of the Islamic right. The Soviet Union, Egypt's stalwart ally during a decade and a half of conflict with Israel, would give way to an Egyptian-American axis founded on the normalization of Egyptian-Israeli relations and the dismantling of Nasser's pan-Arab policies.

The dramatic shifts in public and foreign policy initiated by the Sadat regime did little to enhance the circumstances of the Egyptian bureaucracy. Socialism continued to be a key element in the ideology of the state. The revolution's infrastructure of state planning, price supports, and public corporations would remain the dominant elements in Egypt's economic superstructure. The private sector, aside from agriculture, tended to concentrate its efforts in the lucrative areas of banking, real estate, construction, and tourism. Economic development, in spite of the optimistic expectations of Sadat's *infitah*, continued to be linked directly to the developmental capacity of the Egyptian bureaucracy. The developmental promise of *infitah* simply did not materialize.<sup>10</sup>

Egypt's bureaucratic problems were also not eased by Sadat's shift of allegiance from the Soviet Union to the United States. While the United States committed itself to provide Egypt with some \$5 billion in various forms of aid in the years between 1975 and 1980, the Egyptians and the Americans were soon to find themselves at loggerheads over the strategies, projects, and ideology embodied in the AID program.<sup>11</sup> By the late 1970s, a massive USAID bureaucracy was well entrenched in Cairo, its primary functions being to plan and implement projects that were (1) desired by the Egyptians, (2) judged feasible by American experts, (3) compatible with Egypt's needs, plans, and priorities, and (4) met the ideological and bureaucratic conditions imposed by Washington. Washington's bureaucratic conditions, among other things, included multiple ministerial clearances and fiscal accountability regulations. While not unreasonable from the American perspective, such clearances and regulations were judged cumbersome if not insulting by the Egyptians. Israel, as the Egyptians were wont to point out, received lump-sum grants from the United States that involved none of the red tape of the American

aid program to Egypt. Why shouldn't Egypt also receive lump-sum grants and pursue its own economic development unfettered by U.S. interference? Aid agreements also required that most of the USAID dollars received by Egypt be spent in the United States, use U.S. shipping, and employ U.S. firms. Again, while such legislation appeared eminently reasonable from the American perspective, it was perceived as unduly costly, time consuming, and complex by the Egyptians. In many cases, goods and services could be purchased far more cheaply on the world market than they could in the United States.

Perhaps more damning from the Egyptian perspective was the ideological conflict that was to develop between USAID and the Egyptian planners. The heart of the conflict centered on the role of the private sector in Egypt's economic development. The Egyptian economy, as noted above, is dominated by the public sector. Even after a decade of *infitah*, approximately 70 percent of the manufacturing sector remains in the public sector. With the advent of the Reagan era, the United States began to use the leverage of its aid programs to force the development of the Egyptian private sector. More zealous elements in the USAID hierarchy would have preferred to see the total dismantling of the public sector and the full return of Egypt to a private economy. This view, needless to say, stood in sharp contradiction to Egypt's revolutionary values of social justice and public ownership. It also posed a threat to a bureaucratic elite deeply entrenched within the government ministries and the state industrial organizations.

Conflicts over ideology also extended to the area of developmental strategy. Egyptian planners and bureaucrats perceived the enlargement and modernization of the government-owned heavy industries such as steel and aluminum as the optimal means for maximizing both economic development and mass employment. The American position, by contrast, favored the diversification of aid monies into a variety of light industrial projects more in keeping with Egypt's capacities and needs. Light industries were also more compatible with an expansion of the private sector. Egypt's public corporations, in the American view, were cumbersome and inefficient. The American position was recently expressed by Frank Kimball, the current director of USAID in Egypt.

I think there is a much larger role the private sector could play. Currently, the private sector in Egypt is largely in trade, services

and construction. They could play a bigger role by becoming more involved in manufacturing and technology transfer. The big challenge for the private sector and for Egypt is to create meaningful employment for the 300,000 to 400,000 people who enter the job market each year. . . .

Today we don't have an awful lot of U.S. (private) investment here, only about \$60 million. We're trying to encourage them, but it's a slow process. Also, the government needs to work on a number of problems, not the least of which is making the bureaucracy more responsive. . . .

They have a lot of work to do with the bureaucracy. The government is overblown. There is way too much public employment. . . . I think state-run industries are a drain on the budget.<sup>12</sup>

The impact of American aid on the Egyptian bureaucracy was threefold. First, new organizational mechanisms had to be created to interface with a massive USAID bureaucracy encamped in Cairo. Second, both the public sector organizations and the mainline bureaucracy were being forced into a defensive posture. Their previous position of invulnerability was clearly being challenged. Third, the myriad pressures and constraints tied to the U.S. aid program added yet another dimension of complexity and uncertainty to what was already a ponderous bureaucratic process.

The Sadat regime, in spite of its private sector initiative, witnessed a dramatic increase in the size of the Egyptian bureaucracy. By 1978, 1,900,000 Egyptians were employed by the Egyptian government, excluding employees in the public sector companies. When the latter are added, the figure jumps to approximately 3,200,000.<sup>13</sup> To these figures must be added the approximately 100,000 university graduates petitioning annually for positions in the bureaucracy.

The key legacy of the Sadat era in terms of bureaucratic capacity, however, was not the growth of an already unwieldy apparatus. It was the demoralization of the bureaucracy. Sadat's newly revitalized private sector created a new economic class receiving wages several times higher than the corresponding wages received by government employees. A typical Egyptian teacher, to put the situation in perspective, receives the equivalent of approximately \$40 per month. The lowest rung on the government pay scale is a meager \$20 per

month.<sup>14</sup> A taxi driver, with luck, can earn several times that amount in a single week. Under the Nasser regime, the economic rules, with some exceptions, were more or less equal for everyone. Salaries were low and there were few luxury goods to purchase with the monies received. Rent controls and subsidized food compensated for the low wages and ensured government employees a minimally adequate standard of living. Under Sadat's open door policy, by contrast, the Egyptian market was flooded with luxury items, most of which were well beyond the reach of the average government employee. Many government employees with marketable skills either deserted government service for the private sector or accepted extremely lucrative positions in the Gulf. No less than one-third of the respondents in the Al Ahram survey, by way of illustration, were primed to seek positions in either the private sector or the Gulf. Yet another one-third were weighing the possibilities of such a move. Moreover, the percentage of males willing to seek work in the Gulf or the private sector was substantially higher when the data ~~was~~ controlled for sex.

In retrospect, then, the Sadat era witnessed the growth of the Egyptian bureaucracy in both size and complexity. It also witnessed the demoralization of the bureaucracy and the flight of many of its most skilled and experienced members to the private sector or the Gulf. Rather than solving the bureaucratic problems of the Nasser era, the Sadat regime merely compounded them.

Anwar Sadat, it must be noted, was not unaware of Egypt's bureaucratic problems. Sporadic attempts to reform the bureaucracy had been initiated as early as 1974, but they went largely for naught. In his Labor Day speech of 1977, however, Sadat demanded an "administrative revolution," a revolution that would destroy routine and red tape and safeguard the public interest.<sup>15</sup>

Sadat's call for an administrative revolution was widely heralded in the Egyptian press and sparked a national debate on the best way to reform the bureaucracy. As with earlier calls for reform, however, Sadat's administrative revolution turned out to be little more than a media event. Less than a year after its inauguration, the weekly news magazine *Rose Al Yousif* referred to the administrative revolution as "slogan without substance and noise without action," adding that "despite all this noise, published articles, seminars and reports, nothing materialized. The general administrative nature is still characterized by carelessness and irresponsibility. Most of the government units house groups of human beings working under difficult

financial and moral conditions. In such conditions, it is almost impossible to increase productivity or the quality of production."<sup>16</sup>

Similar caustic comments were echoed by all of the major Cairo papers. *Al Ahrar* mockingly referred to the administrative revolution as an annual event.<sup>17</sup> *Al Ahram* was even more critical, condemning coverage of the administrative revolution on radio and television as a "joke," and asking "How can we achieve an administrative revolution while top people still think that nothing went wrong . . . and those people who created the problem are still in charge."<sup>18</sup>

### The Bureaucratic Challenge in the Mubarak Era

When Hosni Mubarak assumed the presidency of Egypt in 1981, he inherited a staggering array of social, economic, and political problems. His ability to solve these problems depends, as it did in the eras of Nasser and Sadat, upon the developmental capacity of the Egyptian bureaucracy.

The Al Ahram project, as noted in the introductory comments, was initiated to assess the capacity of the Egyptian bureaucracy to play a dynamic role in meeting the challenges confronting Egypt as it prepares to enter the final decade of the twentieth century and to suggest ways in which that capacity might be improved. Four steps are required to place the results and recommendations of the Al Ahram study in perspective. First, it is necessary to examine the challenges that confront the Egyptian bureaucracy. It is difficult to assess the capacity of the Egyptian bureaucracy without at least a basic notion of the task at hand. Second, it is necessary to provide a standard for assessing the capacity of the Egyptian bureaucracy. What attributes must the Egyptian bureaucracy possess if it is to play a dynamic role in the developmental process? Third, in order to benefit from the efforts of prior research and to gain a broader understanding of the problems of the Egyptian bureaucracy, it is necessary to provide an overview of that bureaucracy based upon the existing literature. What are the prevailing views of the Egyptian bureaucracy and its developmental capacity? Finally, an assessment of the developmental capacity of the Egyptian bureaucracy requires at least a rudimentary understanding of the political, social, and economic milieus in which the bureaucracy operates. Bureaucracies do not operate in a

vacuum and they cannot be reformed in a vacuum. The remainder of the present chapter will outline the major challenges confronting the Egyptian bureaucracy during the Mubarak era. Chapter 2, in turn, will examine the problems of assessing the bureaucratic capacity in Egypt and will place the bureaucracy in its economic, political, and cultural milieus. Chapter 2 will also review relevant methodological data relating to the Al Ahram project.

Heading the many challenges confronting the Mubarak regime is Egypt's population explosion. Egypt's population in 1960 was approximately 20 million. By 1980, the figure exceeded 40 million. It threatens to top the 70 million mark by the turn of the century, barring the initiation of dramatic and severe birth-control measures.<sup>19</sup> Coupled with staggering population growth is Egypt's dependence upon foreign assistance to feed its present population of 44 million. Annual consumption of wheat increased from 2 million tons in 1960 to 7 million tons in 1980 and a projected 8.6 million tons in 1985. Requirements for corn have similarly risen from 1.6 million tons in 1960 to 4.2 million tons in 1980 and a projected 5.2 million tons in 1985.<sup>20</sup>

If Egypt's requirements for food have increased in proportion to increases in population, food production has not. Areas of cultivatable land have remained static. Even more problematic is the apparent decrease in the cultivation of basic food crops resulting from the high cost of agrarian labor in relation to the price controls imposed by the government. Farmers, in effect, are forced to absorb at least some of the costs of government subsidies on basic foods. Reflecting the infinite complexity of economic and bureaucratic life in Egypt, President Sadat's economic liberalization policies, the *infitah*, made it far more lucrative for Egypt's *fellahin* to seek their fortune in the oil states or to migrate to Egypt's commercial centers than to remain in the fields at a subsistence wage. Pricing caps on agrarian products, however, were retained as part of government price supports and as a hedge against the inflationary impact of the *infitah*. To have abolished price supports and allowed agrarian products to seek their market value—a policy urged upon Egypt by the United States and the International Monetary Fund—would have increased local food production. It would also have shattered government wage structures and touched off an inflationary spiral of unknown dimensions.<sup>21</sup> The easing of price supports, it might be noted, ignited nationwide riots in 1977 and poses a clear threat to do so again in the future.

Increases in population have been more than matched by rural migration to Cairo and Egypt's other commercial and industrial centers. The population of Cairo, approximately 3 million in 1960, is currently approaching the 14 million mark.<sup>22</sup> Housing shortages in Cairo have long passed the critical level and the city's utility infrastructure has expanded little since the early 1950s. A recent issue of *Al Mussawar*, for example, observed that one-third of Cairo's water network requires renovation and, in all probability, replacement.<sup>23</sup> Forty percent of the water pumped during peak periods, according to the article, is lost due to breakage in the mains and seepage problems. The article goes on to elaborate problems relating to Cairo's other utilities and suggests that the sewer system is in far worse condition than the water system. The problems of Cairo, it is important to stress, are the problems of Egypt. Cairo is the industrial, commercial, communications, and administrative hub of the nation. Everything goes through Cairo. Delays caused by congestion in the Cairo metropolis extract incalculable costs throughout the country and in all spheres of economic and social activity.

Population growth also means a growth in the labor force. The Egyptian labor force of 11.6 million in 1972 is expected to more than double by the turn of the century and to quadruple by the year 2225.<sup>24</sup> Beset with problems of underemployment at the present time, not to mention a shrinking market for export labor in the face of declining oil prices, Egypt's hopes for meeting the employment needs of future generations are totally contingent upon the development of a vigorous and expanding national economy.

The prospects for sustained economic development, unfortunately, are not bright. As things currently stand, Egypt is a debtor nation that maintains a precarious grip upon economic viability by relying upon revenues derived from tourism, the Suez Canal, foreign aid, oil, cotton, and the export of Egyptian labor to the oil-producing states of the Arab world. Virtually all of Egypt's major sources of hard currency are external to the industrial sector of the economy. They are also unstable. Revenues from tourism, for example, have largely been offset by the expenditures of Egyptians traveling abroad. Revenues derived from the export of petroleum are threatened by the declining price of oil on the world market and the sharp increases in Egypt's domestic consumption, consumption abetted by price supports for gasoline. If the rapid increase in domestic production is not offset by either constraints on consumption or increased production,

or both, Egypt may again find itself a net importer of petroleum products.

Cotton revenues, to continue an all too bleak picture, are threatened by the flood of synthetic fibers on the world market and by the increased production of cotton in the Sudan and elsewhere. Remittances from the oil states have shrunk as a result of the drop in oil prices and are expected to decline even more over the next decade. And, to add a final note of pessimism to the economic picture, one finds little evidence that the massive infusions of American foreign aid into the Egyptian economy that have occurred since 1975 have done much either to correct its fundamental ills or to increase its productive capacity. Quite the contrary, much of the U.S. aid effort in Egypt is devoted to patching up what some AID officials believe to be a sinking ship. The role of U.S. aid is a critical factor in keeping the Egyptian economy afloat, yet, as things now stand, there is little evidence that the Egyptian economy will be any better able to stand on its own feet once the aid program stops.

President Mubarak suffers no illusions concerning the problems facing his nation. Indeed, his November 1985 address to the People's Assembly was a catalogue of Egypt's ills and an urgent plea for Egyptians to come together in finding solutions to those problems. Among other things, President Mubarak noted:

We had before us (upon assuming office) the prospect of crumbling public services and utilities. The situation was the result of years of accumulated paralysis and neglect. Citizens complained of the situation from the moment they opened their eyes in the morning until they returned from work. The flow of water was inadequate and irregular. Electric current fluctuated, and extended blackouts were common. Communications moved at a snail's pace. Roads were impassable. Television was limited. The decay of the sewer system turned some streets and quarters into swamps. . . .

Medical equipment in public hospitals is old and in short supply. Public services (bureaucracy) oppress the citizens with routine and delay. Free education has lost much of its effectiveness and the expense of college education is oppressive to Egyptian families. Then there are the problems of housing shortages, rising prices, vanishing goods, and of houses collapsing on their inhabitants. The list of problems our people complain of is endless, yet they are forced to put up with them.<sup>25</sup>

President Mubarak went on to note the widening gap between wages and prices, the decline in revenues from all of Egypt's sources of hard currency, the low productivity of Egyptian workers, the lethargy of the bureaucracy, and the trade imbalance during the past year when Egypt imported approximately \$9 billion in goods and services while exporting only \$4.5 billion in goods and materials including oil.

Egypt, then, has no choice but to make substantial progress in the areas of economic and social development if it is to meet even the most basic needs of a population projected to double within twenty years. Moreover, the cost of this development must be born by the present generation of Egyptians, a generation already severely taxed by the problems surveyed above. Just how much more of an economic burden can be imposed upon the present generation is a matter of some debate.

In facing the dual challenges of development and survival, Egypt must ultimately choose between a strategy of muddling through with massive infusions of loans and foreign assistance and a strategy of self-sacrifice and self-reliance.

President Mubarak's November 1985 speech to the People's Assembly minced few words in outlining the policy of self-sacrifice and self-reliance to be pursued by his regime.<sup>26</sup> The task, he stressed, was formidable but not impossible. Egypt's development, the President said, was not a matter of greater material sacrifice. It was a matter of greater individual effort and the rational use of Egypt's substantial resources. With greater effort and the rational use of Egypt's existing resources, President Mubarak stated, it should be possible to double Egypt's output of goods and services without placing additional burdens on the Egyptian population. The doubling of production, he assured the Egyptian population, would be more than adequate to ease Egypt's pressing economic and social burdens. It would place Egypt firmly on the road to prosperity and development. Moreover, the President continued, the doubling of effort would not place undue strain upon the Egyptian worker and the Egyptian bureaucrat. Egyptians, he stated frankly, do not work as hard as they might. In particular, he criticized the high levels of worker absenteeism in government service, bureaucratic disdain for the public, and widespread worker apathy. In this regard, he noted "by systematic work and respect for appointments we do not merely mean that the individual will be found in his place of work, but that

he will approach his work with sincerity and with a spirit of responsibility and conscience." President Mubarak went on to indicate that worker apathy and lack of responsibility resulted in inordinately high levels of waste. Nine percent of Egypt's agricultural production, he noted, is lost to waste, a figure that jumps to 11 percent among perishable goods. A country that is dependent upon food imports, he stressed, can ill afford such waste.

Turning to a more rational use of Egypt's human and material resources, President Mubarak called for simplification of the morass of bureaucratic rules and regulations. Topping his list of needed changes were incentive programs that failed to distinguish between productive and nonproductive individuals and the bureaucratic red tape that has hamstrung efforts by the private sector to play a more vital role in the development of the Egyptian economy. He also outlined proposed changes in the public sector companies, acknowledging that "the public sector bears many burdens of the past, including fixed prices unrelated to rising costs of production, absorbing surplus labor from among the graduates, submitting to ministerial laws and decisions which restrict administrative discretion and limit the administrator's ability to use available talents and capacities by precluding them from discriminating between lazy and productive workers."<sup>27</sup>

To say that Egypt must solve its own problems and spearhead its own economic and social development is, given the intense bureaucratization of the Egyptian state, to say that the bureaucracy must spearhead Egypt's economic and social development. The revitalization of the private sector, while generating considerable activity in the areas of tourism, construction, banking, and real estate, has thus far been marginal to the long-range goals of Egyptian development.

Foreign assistance cannot replace the role of the bureaucracy in the developmental process either. Indeed, much of the potential benefit of the massive U.S. aid program in Egypt has been blunted by the poor interface between the respective bureaucratic establishments and their difficulty in agreeing upon common projects, priorities, and procedures. If foreign aid is to be effective, it must be presented in a manner that is compatible with Egyptian procedures and priorities.

If the Egyptian bureaucracy cannot or will not play a dynamic role in the economic and social development of Egypt, that development will be slow and halting, at best. It most assuredly will not be able to meet the needs of Egypt's growing population.



Unfortunately, many of the scholars and practitioners interviewed by the Al Ahram research team felt that the Egyptian bureaucracy, as presently formed, lacked the capacity to play a vital role in the developmental process. Many interviewees also questioned the willingness of the bureaucracy to play a decisive role in the developmental process. In their view, questions of motivation and morale had to be essential ingredients of any future reform effort.

Bureaucracies, understandably, are not self-reforming. The impetus and the sustained pressure for reform must come from President Mubarak. In his first six years in office, President Mubarak has taken the first step in this direction by publicizing the major problems confronting Egypt and the Egyptian bureaucracy. As he embarks upon his second term of office he must now act to solve those problems. If President Mubarak's call for bureaucratic reform degenerates into little more than a slogan, his domestic programs will falter, just as the domestic programs of Nasser and Sadat faltered before him.

Deep questions arise, however, concerning the willingness of the Mubarak government to initiate a thorough reform of the Egyptian bureaucracy. Four policy issues, in particular, cloud a timely and thorough reform of the bureaucracy.

The first issue concerns Egypt's growing level of unemployment and particularly intellectual unemployment, problems exacerbated by the ever-increasing flow of university graduates as well as by the return of expatriate workers from the oil states. While calling for bureaucratic efficiency and recognizing that the bureaucracy is severely overstaffed, President Mubarak has found it necessary, at least temporarily, to continue the long-established practice of using the bureaucracy as a safety valve to ease the pressures of excessive unemployment. Using the bureaucracy as a welfare system is clearly antithetical to bureaucratic efficiency.

A second issue likely to delay bureaucratic reform during President Mubarak's second term in office is the intense pressure that he has received from the United States and the International Monetary Fund to eliminate price supports and to rationalize Egypt's currency policy, policies that many observers fear will result in a surge of inflation. A substantial reduction in price supports could also trigger waves of political unrest reminiscent of the 1977 riots sparked by Sadat's efforts to reduce price supports. As current bureaucratic salaries hover around the subsistence level, a reduction in price supports

would destroy the tenuous economic position of the majority of Egypt's salaried workforce unless it were matched by a corresponding increase in government salaries. Providing large salary increases to the bureaucracy as presently constituted, however, would be tremendously expensive and, in many ways, would absorb the savings occasioned by the reduction in price supports. Indeed, unless increases in bureaucratic salaries were part of a thorough and far-reaching reform program, the increase in bureaucratic salaries would represent little more than a new though less visible subsidy. Reinforcing this view is the fact that bureaucratic reform, and particularly the reduction of the size of the bureaucracy, is part and parcel of the economic reform package being urged upon Egypt and other states of the Third World by the International Monetary Fund.<sup>28</sup> Thus far President Mubarak has vowed to resist radical economic reforms that would cause undue hardship to the Egyptian population. While President Mubarak's posture on economic reform does not preclude independent reform of the bureaucracy, the two issues are so intertwined that one may be difficult without the other.

— Third, the Mubarak regime may find it difficult to pursue far-reaching bureaucratic reform before resolving the debate between the public and private sectors of the Egyptian economy. Indeed, the logical first step in bureaucratic reform would be deciding precisely what role the bureaucracy is to play during the coming decade. One would anticipate, for example, that an expansion of the private sector would result in a corresponding reduction of the public sector, thereby easing the burden of bureaucratic reform. On the negative side, however, one might also anticipate that the privatization of public sector companies would result in a drastic paring of employees, thereby raising the specter of increased unemployment and the resultant increase of political tensions. Be this as it may, the debate concerning the proper balance between the public and private sectors of the Egyptian economy is far from being resolved. Just how far it is from being resolved is indicated by the following excerpt from a Mubarak interview conducted by *Al Watan Al Arabi* in November of 1987.

I wonder about those who advocate selling the public sector, because this would be a dangerous step taken at the cost of the simple citizen, because the private sector operates according to the needs of the market, and its prices are high. So what is the simple citizen to

do? Frankly, he will starve. From here starts social envy and crime flourishes. This envy has serious effects on the social structure. The public sector regulates the private one, thus offering goods to the public at reasonable prices, because state control is a must. Selling the public sector would create a socio-economic problem. I am careful to maintain social peace and balance. These are the fundamentals for me. So I reiterate that the public sector is an essential foundation of the Egyptian social and economic structure. As for tourism, we have opened the door for investments and handed over several hotels to the private sector. But as for national industries essential for further production, they must remain in public ownership.<sup>29</sup>

Finally, progress toward bureaucratic reform may be slowed by President Mubarak's most laudable efforts at democratic reform. Political views are expressed more freely in Egypt today than at any time since the revolution. Political parties compete for representation in the National Assembly and, in so doing, follow the classic democratic practice of advocating policies likely to garner a majority of the votes. In this regard, it must be noted that the Egyptian bureaucracy is a large and critical constituency. The bureaucracy is valued by many of its members as a security system. Any effort to radically transform the security/welfare provisions of the bureaucracy could well be politically damaging to the dominant position of President Mubarak's National Democratic Party.

The policy considerations that constrain President Mubarak's desire for far-reaching bureaucratic reform are very real and are not easily resolved. The cruel fact remains, however, that bureaucratic reform is central to a resolution of the economic and social crises that currently rend Egyptian society.

## 2



## *The Bureaucratic Milieu*

Outlining the challenges that confront Egypt and the Egyptian bureaucracy in their quest for economic and social development is a relatively easy task. It is a far more difficult task to assess the capacity of the Egyptian bureaucracy to meet those challenges. What attributes must the Egyptian bureaucracy possess if it is to meet the challenges of the coming decade?

Theoretical and empirical works concerning the assessment of bureaucratic capacity remain in their infancy.<sup>1</sup> Nevertheless, broad agreement exists that bureaucratic capacity is a function of at least four key variables: structural or organizational variables, behavioral variables, client-interaction variables, and environmental variables. The Al Ahram project focused on the behavioral dimensions of bureaucratic capacity: the behavior of administrators and the attitudes, opinions, and values that shape that behavior. Behavior, however, does not occur in a vacuum. As later analysis will reveal, the behavior of Egyptian officials is profoundly influenced by their organizational setting as well as by various dimensions of their larger political, economic, and social environment. The present chapter will set the stage for the ensuing analysis of Egyptian bureaucratic behavior (chapters 3 through 7) by outlining the major institutional and environmental constraints under which the bureaucracy must labor.

### **Structural Constraints on Developmental Capacity**

Bureaucratic structure covers a multitude of sins relating to the mechanics and organization of the bureaucracy and its respective