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Socio-Economic Implications of Fragmented Holdings in  
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**AGRARIAN SYSTEMS  
AND THE  
ALLEVIATION OF RURAL POVERTY  
WITH SPECIAL REFERENCE TO THE NEAR EAST**



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**PREFACE**

This document presents a regional synthesis of country case studies carried out during 1985 by the Joint ESCWA/FAO Agriculture Division on Agrarian Systems and the Alleviation of Rural Poverty for Democratic Yemen, Iraq and Jordan and of an FAO case study (1984) on Syrian Arab Republic. This document also draws upon on two other papers prepared by the Joint Division; viz, alconceptual paper on "Dynamics of Rural Poverty and Measures for its Alleviation" and a theme paper on "Impact of the World Economic Crisis on Poverty and Rural Development in Western Asia". The country and village case studies being prepared by the Joint Division on Egypt were not available at the time of writing of this paper. However, this gap was adequately filled by drawing upon on other reports and studies on Egypt.

Although this regional synthesis focuses on the FAO Near East Region, for the sake of comparison, it has referred to some other countries, particularly Bangladesh, India and Nepal.

This paper, has been prepared for the Joint ESCWA/FAO Agriculture Division by Dr. G.J. Tyler of the University of Oxford Institute of Agricultural Economics and I would like to thank him for doing an excellant job and for drawing upon his wide knowledge and experience in supplementing the information contained in above-mentioned ESCWA documents.

M.M. Sherif  
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## CHAPTER I

### INTRODUCTION

It is being increasingly recognized that the problem of poverty in the world has not diminished in recent years, that rapid economic growth and reliance on the trickle-down of its benefits is not sufficient and, indeed, in some countries, it may have made matters worse and that poverty has to be attacked at its roots with specific policies and programmes. It is also being recognized that the problem has both efficiency and equity aspects. In other words, it may only be solved in many developing countries by a combination of growth in productivity and a redistribution of existing wealth and income.

Accepting the truth of this view, and in the knowledge that the majority of the world's poor are rural people, the World Conference on Agrarian Reform and Rural Development held in Rome in 1979 adopted a programme of action for agrarian reform and rural development for the alleviation of rural poverty (FAO, 1979). The programme, among other things, recommended governments of developing countries to set specific targets for the reduction of rural poverty within the framework of national development plans and programmes.

It is important to be clear about the particular meaning of poverty in this context. It can be legitimately argued that there is a large amount of agreement among international agencies, especially FAO, The World Bank and ILO, and among development economists, that an immediate priority for developing countries is the eradication of absolute poverty and its associated manifestations, such as under-nutrition, poor health and illiteracy. The merits of using absolute poverty as the appropriate concept for the measurement of poverty, as against some measure of relative poverty, have been hotly debated by economists and others. The absolute poverty approach emphasizes the idea that there is an irreducible core of absolute deprivation of certain basic necessities of life, or as ILO (1976) prefers to call them, basic needs, the most obvious being nutrition. Thus, if we observe people starving or suffering from severe malnutrition or from lack of shelter in a harsh climate, we diagnose poverty without having to enquire how their plight compares with that of others in the population.

Having said that we have to recognize that when we move away from mainly biologically determined minima, as in the case of nutrition, an element of relativity creeps into the definitions. Thus, for example, the definition of a minimum standard of housing is likely to take into account contemporary standards in the community. But, as Sen (1981) has ably argued, there is a fundamental difference between the concept of absolute poverty and that of inequality. Inequality is conceived as being concerned with the size distribution of income in a country at a particular time, with the shares of income accruing to various groups of the population, and how those shares change over time. The distribution of income could become more unequal as growth proceeds yet the absolute position of the poorest could improve. On the other hand, a general decline in national income could, theoretically, leave inequality unchanged, yet the absolute position of the poorest would clearly have worsened. To claim that poverty had remained unchanged in such

a situation would be untenable. Though the two concepts are related in practice they are distinct and each is concerned with a different issue. To confuse them is to do less than justice to the importance of each. Throughout this paper we shall be referring to both inequality and absolute poverty, but the focus of attention will be on absolute poverty and its eradication.

Anand (1977) has, in fact, argued that eliminating absolute poverty may be the most efficient way of reducing inequalities in income distribution so that, in practice, it is possible for the two to go hand in hand. From the political point of view it would be reasonable to argue that governments are more likely to accept the need to eliminate absolute poverty and to ensure a minimum level of living for all their citizens than they are to accept the need for a change in the distribution of wealth for its own sake. Concern to eliminate absolute poverty may be expected universally to cut across political lines, whereas concern for inequalities as such is more likely to be aligned with particular political and social systems.

Research has shown that poverty is associated with a large number of factors. As we shall see in this paper the magnitude of poverty across countries is negatively correlated at the macro level with the level of GNP per capita. The correlation is less than perfect and there are other intervening factors, such as differences in the inequalities of the distribution of income and the amount and distribution of government expenditure on social services, that influence the magnitude of poverty. Poverty is also associated with unemployment, under-employment and, more importantly, for the rural sector, with very low productivity of labour, which in turn is related to low capital investment. There are also indications that the low level of productivity that contributes to poverty is the result of poor education, health and nutritional status of the poor. It is important to recognise that causality runs in both directions.

Poverty is likely to be perpetuated in a society with a high degree of inequality. Firstly, inequality of income and wealth affects the structure of demand and the rate and pattern of capital accumulation, all of which tend to work to the disadvantage of the poor. Secondly, inequality affects the choice of technique in agriculture and other sectors of the economy in a manner which is biased often against the use of labour, the most important, and in many cases the only resource at the disposal of poor people. An unequal distribution of income and high incidence of poverty is also strongly associated with unequal distribution of land.

#### The Measurement of Poverty

It is important to say a few words about measurement problems. Poverty lines are usually based on nutritional requirements of the household or individual, such as daily calorie requirements. The normal practice, for example in India, is to observe in household expenditure surveys the expenditure incurred by households whose minimum calorie requirements appear to be just met. It is then assumed that the expenditure of that group of households is sufficient to cover other basic needs such as clothing, shelter and miscellaneous basic requirements. An alternative approach sometimes used is to price the foods needed to provide the minimum calorie requirements and to add a certain proportion, for example one third, to this expenditure to



cover other basic needs. However, it is important to realise that the poverty line so defined leaves out of account other important items which have been recognized as minimally necessary, such as health care, primary education and access to safe drinking water. This second group of basic needs in most countries is the responsibility of the government; these items are paid for largely through taxation and provided to the population free or at a low charge. The basic needs in the first group are normally considered to be the responsibility of the private individual or household. This distinction implies, firstly, that the poverty line as normally defined is sufficient only to meet the expenditure of basic needs in the first group and falls short of the total expenditure required to provide all basic needs. Secondly, countries may differ in the extent to which the government provides basic needs to households; for example, free or cheap housing may be provided by the government of some countries.

Assuming that an appropriate poverty line has been established for a particular country, there remains the question of measuring the overall level or incidence of poverty in the population. For comparisons between countries simply using numbers of people may be misleading and therefore we may wish to express the overall measure of poverty as the percentage of poor people in the population of each country. Both these measures are the so called "head-count" measures of poverty. We may, on the other hand, wish to take account in some way of the incomes of the poor, and how far these fall below the poverty line. These issues involve the question of aggregation because some overall measure, or perhaps a number of measures, has to be chosen for describing the severity of the poverty problem in a country, for comparing the situation with that of other countries and for monitoring progress towards the alleviation of poverty. We will briefly discuss the advantages and limitations of three of the most commonly used aggregate measures of poverty.

#### The Head-Count Ratio

Given the poverty line, the Head-Count Ratio 'H' is simply  $H = \frac{q}{n}$ , where q is the number of people (or households) below the poverty line, and n = the total number of people (or households) in the population. The great merit of this particular measure is its simplicity. It is probably the most widely used indicator of poverty.

Its main limitation is that it fails to measure the extent of the shortfall in income below the poverty line. There could be great improvement in the incomes of the poor but if none are lifted above the poverty line then this particular measure indicates no improvement. Conversely, if a substantial number of the poor whose incomes lie just below the poverty line are lifted just above it, this measure will register a substantial improvement, whereas in reality the absolute change in incomes of the poor may be small.

#### The Poverty-Gap Ratio

This measure is given by  $I = \frac{II - m}{II}$ , where II is the poverty line income, m is the average income of the poor, and thus II - m is the average gap between the incomes of the poor and the poverty line. It therefore takes into account, as the head-count ratio does not, how far the incomes of the poor, on

average, fall below the poverty line, expressed as a proportion of the poverty line income. Thus a general increase in the incomes of the poor will show up as an improvement on this measure, as it should, whereas with the head-count ratio it will only do so to the extent that some of the poor cross the poverty line.

The measure has several disadvantages, however, the main one is that it takes no account of the number or proportion of the population that are poor. Furthermore, like the head-count ratio, it takes no account of the distribution of income among the poor themselves. Thus, for example, a deterioration in the position of the poorest matched by an improvement in that of the not-so-poor will register no change on this measure.

### Sen's Index

This measure was developed by Sen (1976) in order to combine the advantage of the two previous measures whilst remedying their chief deficiency, that is, the neglect of the distribution of income amongst the poor. It is given by  $P=H[I+G(1-I)]$ , where H and I are the head-count and poverty-gap indices already defined and G is the Gini coefficient for the distribution of income among the poor. Thus Sen's index is a combined measure of three important aspects of poverty: H, the number of poor in proportion to the population, I, the average poverty gap, and G, the relative inequality among the poor.

In general, as measured by P, poverty declines i.e. P decreases if:

1. Less of the population fall below the poverty line,
2. The average income of the poor increases, or
3. Inequality among the poor decreases.

In the limiting case of  $G=0$  i.e. all the poor have the same income, then  $P = HI$ .

The structure of the remainder of this paper is as follows. Chapter 2 presents evidence on the levels and trends in economic growth of the countries of the developing world, and in particular those of the Near East and South Asia, together with the contribution of agriculture; trends in income distribution and in the distribution of productive assets, such as land; and changes in the level of absolute poverty in a number of countries. Finally, the relationship between economic growth and development and the changes in absolute poverty over time are examined. The extent to which growth has been of benefit in poverty alleviation and the extent to which it has accentuated poverty is also examined.

Chapter 3 traces the impact of the recent economic recession on economic growth, rural development and poverty in the Near East. As part of this it looks at the developments in the oil sector and the effects of migrants' remittances on the sending countries of the region.

Chapter 4 is devoted to a discussion of a limited number of specific policies and programmes which could be used by national governments to

alleviate rural poverty. Clearly, not all policies available to governments can be considered in a paper of this length. International policies that could be used to alleviate poverty in developing countries are also not considered. Chapter 5 examines case studies of five developing countries in the Near East to illustrate a range of experience in rural development, changes in agrarian structure and institutions aimed at alleviating rural poverty. Finally, there is a concluding chapter, which attempts to draw together the main threads of the argument in the previous chapters and the experience from the country case studies.

Chapter 2 and 4 draw heavily on the discussion of issues in the paper prepared for this Meeting by Griffin and Boyce (1985), Chapter 3 on the paper by Singh (1985) and Chapter 5 on four case studies referred to in that chapter. The reader is referred to these sources for more detailed data and discussion.

## CHAPTER II

### GROWTH, INEQUALITY AND POVERTY

#### Economic Growth and Agricultural Growth

Table 1 presents data on the levels and growth over the period 1960-82 of GNP per capita for developing countries in general and individual countries of the Near East and South Asia. In the low income countries the rate of increase was 3 per cent per annum, but only 1.1 per cent per annum when China and India are excluded. The rates of increase were 3.2 and 4.1 per cent respectively in the lower and upper-middle income countries and 5.6 per cent in the high income oil-exporting countries. However, Nepal and Somalia among the low income countries, Sudan among the lower middle-income countries and Kuwait and the U.A.E. among the high income oil exporters had negative rates of growth.

Agricultural GDP has grown in general more slowly than total GDP, but in general it has been positive. The one exception is Somalia in the 1960s. However, if we relate the growth of agricultural GDP to the growth of population, a slightly different picture emerges, as shown in Table 1. Agricultural output per head of the population declined in India throughout the period, in Somalia, Algeria and Mauritania in the '60s and in Bangladesh, Pakistan, Kuwait, Jordan and in Morocco in the '70s.

#### Trends in Income Inequality

It is well known that the work of Kuznets has led to the idea that the level of economic development in a country, as measured by the GNP per capita, is the main determinant of the extent of income inequality. The relationship has come to be known as the inverted-U hypothesis which indicates that relative income inequality increases in the early stages of growth, reaches a peak and then declines in the later stages of growth.

The multiple regression analysis of cross-sectional data by Chenery et al (1974), among others, confirms that there is a relationship between inequality and the level of GNP per head. However, this pattern is far from inevitable. A low proportion of the total variance was explained by income level alone. There were other factors which worked against the general tendency. These factors were related to structural differences between the countries. For example, improvement in literacy and lower rates of population growth, ceteris paribus, were associated with lower inequality. In addition, socialist countries had less inequalities than average. The conclusion to be drawn from this analysis is that the inverted-U is not an "iron law" of development but can be avoided by appropriate policy decisions.

There is, however, scattered evidence from a number of countries that the distribution of income within rural areas may have become more unequal, even in countries which have introduced agrarian reform policies. For example, in Morocco consumption expenditure surveys indicate that the distribution of income became dramatically more unequal in the 1960s. Average real consumption per household increased by 50 per cent in the decade, but the

consumption of the richest 60 per cent rose by 90 per cent (Griffin, 1981). In Egypt the share of the bottom 40 per cent of rural households remained fairly constant at about 17 per cent of total rural income from 1968/9-1974/5, while the share of the top 10 per cent of households increased from 28 to 31 per cent during the same period (El Ghonemy, 1984). The Gini coefficient for household expenditure consumption rose marginally from 0.37 in 1958 to 0.39 in 1977 (Radwan and Lee, 1979).

In Iran the peasantry are divided roughly into two classes: the land-holding class which accounts for about 65 per cent of the rural population and the landless peasantry which accounts for the rest. Between the land reform of 1962 and the 1979 revolution the economic fortunes of these two groups varied considerably. Among the land-holding peasantry, thanks to the reforms, income differentials diminished, but at the same time the land reform created a large class of landless agricultural labourers. As a result income differentials between the two classes widened markedly (Katouzian, 1983).

In Pakistan also there are indications that agricultural development and agrarian change have been accompanied by increased inequalities. This appears to be particularly so where growth has resulted from the spread of irrigation and the introduction of high yielding varieties of grain. A study of 750 rural households in eight villages of the Punjab, Sind and North-West Frontier Province, for example, illustrates the effect of irrigation, both in raising average rural incomes, but also in making the distribution of income more unequal (Ercelawn, 1984).

Closely related, of course, to the distribution of income is the distribution of productive assets. In general, and particularly in the case of land, these tend to be unequal, but lack of data makes it difficult to detect changes in the distribution of assets. Such evidence as exists, however, is not encouraging since few governments have active land redistribution programmes and of those that have, few have in fact redistributed much land.

Nepal is an example of a country which has no active land reform policy and there it is found that the distribution of land holdings became more unequal between 1961 and 1971. The Gini coefficient of land holdings rose from 0.57 to 0.69 over this period (Islam, 1983).

India in theory favours land redistribution, but in fact has done little. One reason for this is that only land in excess of the maximum ceilings are deemed to be surplus and available for redistribution, and ceilings in most states have been set too high, so that there is little surplus land available. By 1980 in India as a whole only 1.3 per cent of the agricultural land was estimated to be surplus and only 0.4 per cent of the land had actually been redistributed (Ramakrishnan, 1983). These national figures, however, obscure the progress that has been made in two Indian states, namely Kerala and West Bengal.

In Iraq and Syria land reforms in the late 1950s broke the power of the tribal chiefs and large land owners. By 1980 the land expropriated in Syria was roughly one quarter of the total recorded arable land and in Iraq about

one half (FAO, 1984). Approximately 14 per cent of the total agricultural population is thought to have gained by the reforms in Syria and a significant proportion in Iraq also. However, in Iraq there were serious disruptions of output following the reforms and a considerable lag between expropriation and redistribution of land (King, 1977).

#### Trends in Absolute Poverty

The World Development Report of 1981 (World Bank, 1981) suggests that about 750 million people in the developing countries, excluding China, live in absolute poverty. The majority of these live in rural areas. Though there are various estimates which differ from this figure, there is little doubt that this is the correct order of magnitude. There is also little doubt that the numbers have been increasing and are likely to increase, if only because of population growth. Estimates of the numbers and proportions of populations in absolute poverty must be treated with caution because both the numbers and proportions have been shown to be very sensitive to definitions of the poverty line used in different countries and to changes in those definitions over time. Thus the figures given in Table 2 must be considered as only indicative. Clearly, poverty remains a serious problem in the Near East and South Asia, particularly among the rural populations.

There are various aspects of the poverty problem, as we have noted in the Introduction, and each may be considered of importance in different contexts. Firstly, the real income of the poverty population may fall over time. Secondly, the absolute numbers of people in the poverty population may increase. Thirdly, the proportion of the total population in poverty may increase. Fourthly, although the majority of the poor may benefit over time, there may be specific occupational groups or social classes whose standard of living falls. There is evidence for the deterioration in one or more of these particular aspects of rural poverty in the countries with which we are concerned.

In Morocco, for example, previously mentioned consumption expenditure surveys indicate that between 1960/61-1970/71 real consumption of the bottom 40 per cent of the rural population fell by 10 per cent, and that of the poorest 20 per cent by a massive 31 per cent (Griffin, 1981). Since then, the situation has almost certainly deteriorated further because of the negative growth of agricultural output per head. In Egypt between 1958/9 and 1974/5 the number of people in rural areas who lived below the poverty line rose from 3.6 to 5.8 million, and the proportion of the rural population in poverty rose from 22 to 28 per cent, having apparently dipped to 17 per cent in 1965 (Radwan and Lee, 1979). In Nepal, between 1968/9 and 1976/7 the real wage of agricultural workers measured in terms of paddy equivalent fell by 29 per cent in the hilly areas and 30 per cent in the terai (Islam, 1983).

In Bangladesh the real wages of agricultural workers has been probably falling since about 1950. Comparing 1960 with 1979/80, the fall in real wages was between 24 per cent and 31 per cent (Khan, 1979). Ahmad and Hossain (1984) estimated that the incidence of rural poverty in Bangladesh had increased between 1963/4 and 1976/7. A slightly anomalous situation is shown by Alamgir and Ahmad (1981), where the estimate of the proportion of the

population in poverty is given as 0.88 in 1963/4 dropping to 0.62 in 1966/7 and then rising to 0.79 in 1968/9 and to 0.87 by 1976/7. Thus it depends whether one takes 1963/4 or 1966/7 as the base period. Taking the first, the incidence of poverty as measured by the head-count ratio would have hardly changed; taking the second there would have been an increase in the 1960s to the 1970s, as indicated by the previous authors.

Alamgir and Ahmad also calculated the Sen index for a limited number of years. This index varied from 0.35 in 1963/4 dropping to 0.3 in 1966/7 and to 0.22 in 1968/9 before rising to 0.4 in 1973/4. The index thus follows the head count ratio, except for 1966/7 to 1968/9. Whereas the head-count ratio was registering a dramatic rise in poverty incidence between these years, the Sen index was registering a dramatic decrease in the overall severity of poverty. This anomaly has not been explained, but it does suggest that caution must be exercised in interpreting variations over time.

This point has been emphasized by Ahluwalia *et al* (1978). In a study of India over the period 1956-74 the authors took as their rural poverty line the expenditure level at which, on average, food consumption provides 2,250 K calories per person per day. This is also the line adopted by Dandekar and Rath (1971). For India as a whole, the percentage of the rural population below the poverty line fluctuated over the period with the figures being about 54 per cent in 1956/7, falling to 39 per cent in 1960/1, rising to 57 per cent in 1966/7 and falling again to about 47 per cent in 1973/4. The Sen index follows the same pattern. The authors point out that their results are consistent, both with those of Bardhan (1974), who reported a sharp increase in the incidence of poverty between 1960/1 and 1968/9, and with Lal (1976), who reported a decline in poverty between 1956/7 and 1970/1. Thus, they stress the importance of examining the figures over a sufficiently long period, rather than taking two particular end points and generalising about a trend from these only.

To understand exactly who are the rural poor, and what has been happening to their standard of living over time, one needs more investigative data than is usually available, and particularly data that differentiates among occupational groups. The fragmentary information that exists suggests that two groups, both a minority within the rural population, are most likely to have experienced a fall in real incomes. The first are those engaged in animal husbandry, especially nomadic and semi-nomadic people who often come into conflict with the state and with the spread of commercial farming to their natural pasture lands. The second group are the landless agricultural workers. There are reasons to believe that in many countries the incidence of landlessness or near-landlessness is rising as small farmers are tenants get pushed off the land (FAO, 1982), that a growing proportion of the rural population is turning to casual, rather than permanent, employment to earn a living, the average days worked by each workers is falling, and that the real daily wage rate of agricultural workers either remains constant or has declined.

Assuming that absolute impoverishment has in fact taken place in many countries or parts of countries, the question naturally arises whether this is a result of population growth, of slow aggregate or sectoral growth or of the nature of the growth process itself. These issues are examined next.

Economic Growth and Absolute Poverty

In this section we examine the relationship between economic growth and development and the level of absolute poverty. While we have seen that economists have recognized that relative inequality may well widen in the course of economic growth the possibility that absolute poverty may also increase is more controversial and more disturbing.

Cross country analyses have been performed by a number of authors. Sen (1980) fitted simple linear and log-linear functions to data of 33 developing countries to obtain a negative relationship between the percentage of the total population in poverty and GNP per capita. The poverty line was the real income in India required to obtain 2,250 K calories per day per person. It also covered a certain amount of non-food expenditure. The GNP figures were those including the Kravis adjustment to take account of differences in purchasing power between countries. The functions gave good fits to the data and indicated that the proportion of population below the poverty line fell with increasing GNP per head. However, there were departures from the above general trend, with countries such as Sri Lanka and Korea with a more egalitarian distribution of income showing a smaller proportion of the population in poverty given their level of GNP per capita, and the reverse situation in countries such as Colombia and Kenya, where the proportion of the population in poverty was higher than would be expected for the level of GNP.

Ahluwalia (1976) performed a number of tests on cross-sectional data, using multiple regression analysis which included not only GNP per capita but the other variables that we have noted earlier. The results showed that the absolute incomes of the poor, taken variously as the poorest 20 per cent, 40 per cent and 60 per cent of the population, were in all cases positively related to the level of GNP per capita. However, even if the majority of the poor have benefited so that the average absolute income of the poverty groups has risen with growth it is clearly quite possible for particular sizeable groups of the population not to have benefited and, indeed, even for their incomes to have declined. Griffin (1977) provides evidence of persistent poverty for selected groups, in particular countries, even those with rapid economic growth.

There has been little rigorous analysis of the relationship between rural poverty and agricultural growth per se. One study is the one we have previously noted for India by Ahluwalia and others. Over the period studied the authors found no clear upward or downward trend in the proportion of the population in absolute poverty. However, their analysis included agricultural output as one of the explanatory variables and they found that in years of higher agricultural output the proportion of the rural poor declined. Their results have been challenged by Griffin and Ghose (1979) and by Saith (1981). The essential objection to the results is that one cannot draw conclusions about the impact of long term agricultural growth from observing what happens to poverty in years of good or poor harvests. Using different analyses of the Indian data they found a significant positive coefficient for the time trend, indicating a secular tendency for rural poverty to increase. The time trend picks up the net effect of all variables which influence the trend rate of change in rural poverty, including agricultural growth. However, these



conclusions have, in their turn, been challenged by Mathur (1985) who found that the time trend was either zero or negative, concluding therefore that agricultural output growth reduces poverty.

A word is in order about the use of GNP as an index of growth performance. It has been shown by Chenery *et al* (1974) that the GNP measure is a special case of the general class of measures of growth performance in which the weights of the growth of income of each group are simply the income shares of each group in total income. Given the typical income shares of different groups it follows that, for example, a 1 per cent growth in the income for the top quintile of the income distribution is given about 10 times the weight of a 1 per cent growth in the lowest quintile. It would be perfectly possible, on the contrary, to give equal weights to the various quintiles, or, indeed, to give greater weight to income growth of the poorest groups. The later index is called a poverty-weighted growth measure and as shown by Chenery *et al*, countries with an egalitarian policy show up much better on poverty-weighted growth than on ordinary GNP-weighted growth, for example, Sri Lanka in the 1960s, whereas for other countries, especially those in Latin America, their performance when measured by the poverty-weighted index was worse than the GNP-weighted index. In the latter countries growth was proportionally concentrated in the upper income groups.

The point about this is that growth itself is not to be disparaged. It is the nature of growth and to whom the benefits of growth flow that is important. If the benefits of growth were evenly distributed in an economy, everyone would benefit. What is required for rapid poverty alleviation is that the benefits of growth should flow primarily to the poor. In practice this has often not happened, and indeed, in many cases there is evidence of significant groups of the rural poor whose standard of living has deteriorated in the process of economic growth (ILO, 1977).

However, it is clear from the arithmetic of the situation that if the majority of the population are poor and they are experiencing negative growth in their real incomes there comes a point when the overall growth of GNP must also be negative. An example is the situation in Bangladesh where during the period 1963/64 to 1976/77 the real income of the top 5 per cent of rural households is reported to have increased by 24 per cent while that of the bottom 85 per cent declined by 33 per cent (Osmani and Rahman, 1981). Given the known approximate shares of income of the various groups, it can be shown by simple arithmetic that this would have led to an overall decline in income per head<sup>1/</sup>. We have indeed already seen from the World Bank tables (Table 1) that the annual growth of agricultural GDP per capita in the 1960s was only 0.2 per cent and in the period 1970-82 there was a negative figure of 0.3 per cent. The process by which the rich minority get richer and the poor majority get poorer in Bangladesh is certainly an unacceptable one, but it can hardly be described as one of economic growth.

There are a number of possible explanations for such a development. One of them is that population growth could have led to downward pressure on employment and wages, particularly in the presence of factor market imperfections favouring investment in capital-investment technology (Griffin and Ghose, 1979). Given an unequal distribution of productive assets this

could adversely affect income distribution and could cause the real income of those who rely solely or primarily on wage labour, to decline (Van der Walle, 1985).

As has already been pointed out, it is important to recognize that the poor are not a homogeneous social class and consequently the impact upon the poor of any particular action is unlikely to be uniform, either in terms of magnitude or even in direction of change. One may say that the poor have little in common except a low standard of living. The rural and urban poor clearly differ from one another in terms of location and occupation and do not constitute a single analytical entity. Even within the rural areas the poor are heterogeneous. They are scattered over a large area and face a diversity of environmental conditions. Some, for example, may be engaged in animal husbandry in semi-arid regions, others may be located in areas where rain-fall is fairly predictable, while still others may live in areas well served by irrigation. Moreover, the occupations of the rural poor are diverse and they may include, for example, permanent plantation workers, seasonal farm workers, share-croppers and other tenants, small peasant farmers, village artisans and fishermen. Clearly, given this heterogeneity, developments which benefit certain groups of the poor may well leave others largely unaffected and may actually harm other groups.

For instance, consider a technological change that would reduce the cost of producing irrigated rice. Under ideal conditions this would have the following beneficial effects:

1/ Assume for illustrative purposes that the population groups do not change over the period:

<u>Percent of population</u>		<u>Percent of income</u>	<u>Absolute income (units)</u>	
			<u>1963/64</u>	<u>1976/67</u>
Bottom	85	63	63 (-33%)	42
Next	10	20	20 (0?)	20*
Top 5	<u>17</u>	<u>17</u>	<u>17</u> (+24%)	<u>21</u>
	100	100	100	83

\* We do not have information on the change in income of this group. For there to be no overall negative growth, their absolute income would have had to rise to at least 37, i.e. a growth of at least 85 per cent.

1. The incomes of those introducing the new technology would rise.
2. The output of rice would increase.
3. Employment in rice cultivation in irrigated areas would rise and possibly also the wage rate.
4. Prices of rice would fall.
5. The real income of those that purchase rice, both in rural and urban areas, would increase.

However, the lower price of rice may harm rice producers in other regions, who, for whatever reason were unable to introduce the cost-reducing technology, and producers of grains which are competitive with rice, for example, wheat, sorgham, millet, who now find the demand and prices for their own production have fallen. In fact, any change in relative prices of agricultural products is likely to harm some groups and benefit others, and because the poor are heterogeneous they are likely to be among the gainers and losers. As a result it is often difficult to say in advance what the effect will be on the overall incidence of poverty of a particular change. It all depends on the specific conditions of the poor of the country concerned.

For example, the majority view has been that the new agricultural technology, labelled the "green revolution", has benefited the poor, though perhaps not as much as it has benefited the rich. Small farmers have benefited from the new seed-fertilizer technology after transitory adoption lags (Scobie, 1979). Agricultural workers have benefited from the associated increase in the demand for labour; even if employment and wages do not rise they at least do not fall as much as they would in the absence of the new technology (Lal, 1976). As consumers, both the rural and urban poor, for whom food forms a large proportion of consumption expenditure, benefit from lower food prices. Again in this view, even if food prices rise, they rise less than would otherwise be the case (Binswanger, 1980). If, despite these beneficial impacts, the absolute income of the poor has fallen since the introduction of the new technology, then the explanation must be sought in other pauperising forces, such as population growth. The agricultural process itself cannot be blamed, or rather, can be blamed only for being unsufficiently strong. This view has, however, been questioned by Griffin and Ghose, who have labelled it the "trickle-down modified" doctrine because it recasts the trickle-down theory in terms of agricultural rather than GNP growth, and in terms of rural rather than national poverty.

A number of causal mechanisms which might link agricultural growth and increasing rural poverty have been enumerated by Bardhan (1984). They include:

1. Labour displacing mechanisation.
2. Eviction of small tenants owing to increased profitability of self cultivation by large landowners.

3. Increased dependence on purchased inputs, driving small farmers, whose access to these resources and credit is limited by pervasive market imperfections, out of cultivation and into the hired labour market.
4. Further crowding of the agricultural labour market by village artisans who are displaced as the demand pattern of the rural rich shifts to mass produced consumer goods and services.

If such effects were to over-ride any beneficial effects of agricultural growth upon the poor one could speak of immiserising growth in a causal as well as in a descriptive sense. If the real incomes of the rural poor decline at the same time as those of the rural rich rise, this implies that agricultural growth has been insufficient to alleviate rural poverty. This could be interpreted to mean either that past growth strategies need to be pursued with greater vigour or that past growth strategies have failed to address the underlying constraints upon agricultural performance. If, on the other hand, agricultural growth itself has accentuated rural poverty, through one or more of the mechanisms enumerated above, then the inescapable conclusion is that fundamental changes in the agrarian structure, which governs the distribution of the benefits of growth, are essential if rural poverty is to be reduced. Growth alone cannot provide the answer.

It should be clear that the possibility that growth can be associated with increases in poverty does not imply that growth per se is undesirable, nor that substantially improved growth has no place in a strategy for ending rural poverty. On the contrary, one attraction of agrarian reform is that prospects for agricultural growth might thereby be improved. The problem may lie in those institutional features of the economy, in particular, the agrarian structure, which prevent the benefits of growth from reaching the poor. It may be the framework of property and production relationships within which growth occurs, and not growth itself, which constitutes the crux of the problem.

The agrarian structure which governs the distribution of rights to agricultural means of production, notably land, is central to an analysis of rural poverty for three reasons:

1. It is the agrarian structure which primarily determines who is rich and who is poor in rural areas; that is, how the fruits of agricultural production are distributed.
2. The agrarian structure itself may pose obstacles to growth. Higher labour used and land productivity on smaller farms than on larger farms imply that resource inefficiencies arise from inegalitarian land distribution.
3. An inegalitarian agrarian structure may not only exclude the poor from the benefits of agricultural growth, but may also set in motion dynamic processes whereby such growth that does occur will actually intensify their poverty.

TABLE 1. Per Capita Income and Agricultural GDP Growth

	GNP per capita 1982 (US \$)	Average annual growth of GNP per capita (%)		
		1960-82	1960-70 1970-82	
I. LOW-INCOME COUNTRIES (Excluding China and India)	280 (250)	3.0 (1.1)	-0.1 (0.2)	0.4 (-0.3)
II. LOWER MIDDLE-INCOME COUNTRIES	840	3.2	0.5	0.6
III. UPPER MIDDLE-INCOME COUNTRIES	2490	4.1	1.4	0.3
IV. HIGH-INCOME OIL-EXPORTING COUNTRIES	14820	5.6	NA	0.6
<u>Individual Countries</u>				
I. Afghanistan	NA	NA	NA	NA
Bangladesh	140	0.3	0.2	-0.3
India	260	1.3	-0.4	-0.5
Nepal	170	-0.1	NA	NA
Pakistan	380	2.8	2.1	-0.3
Somalia	290	-0.1	-3.0	NA
II. Egypt	690	3.6	0.4	0.5
Lebanon	NA	NA	3.4	NA
Mauritania	470	1.4	-0.9	1.1
Morocco	870	2.6	2.1	-2.5
Tunisia	1390	4.7	0.0	1.3
Turkey	1370	3.4	0.0	0.9
Sudan	440	-0.4	NA	0.9
Yemen A.R.	500	5.1	NA	0.6
Yemen P.D.R.Y.	470	6.4	NA	NA
III. Algeria	2350	3.2	-2.3	0.8
Iraq	NA	NA	2.5	NA
Iran	NA	NA	1.0	NA
Jordan	1690	6.9	NA	-2.3
Syria	1680	4.0	NA	NA
Cyprus	3840	5.9	NA	NA
IV. Kuwait	19870	-0.1	NA	-0.8
Libya	8510	4.1	NA	6.4
Oman	6090	7.4	NA	NA
Saudi Arabia	16000	7.5	NA	0.8
United Arab Emirates	23770	-0.7	NA	NA
Bahrain	9280	NA	NA	NA
Qatar	21880	NA	NA	NA

NA= Not available.

Source: World Bank, World Development Report 1984, Table 1 and calculations from Tables 2, 6, and 19 carried out by Griffin and Boyce (1985).

TABLE 2. The Incidence of Poverty in Some Countries of  
Near East and South Asia

	(Percentage of Population)	
	<u>Overall</u> <sup>1/</sup>	<u>Rural</u> <sup>2/</sup>
<u>Low income countries (1982)</u>		
Bangladesh	64	86
Nepal	-	61
India	46	51
Somalia	-	70
Pakistan	43	29
Afghanistan	-	63
<u>Lower middle income countries (1982)</u>		
Sudan	54	70
Yemen, P.D.R.	-	20
Egypt	20	25
Morocco	26	45
Turkey	14	-
Tunisia	10	15
<u>Upper middle income countries (1982)</u>		
Syria	-	54
Jordan	-	17
Iran	13	38
Iraq	-	40

1. In 1975, using Kravis adjustment factors. See Ahluwalia et al (1979).  
Table 1.

2. See FAO (1984) Table 1 (b) and El-Ghonemy (1984) Table 19.

### CHAPTER III

#### EFFECTS OF RECENT WORLD ECONOMIC DEVELOPMENTS ON GROWTH AND POVERTY IN THE NEAR EAST

In the previous chapter we have examined the importance of economic growth and the nature of the growth process for poverty alleviation. The main purpose of this chapter is to examine the impact on Near Eastern countries of the world economic recession in the second part of the 1970s and early 1980s subsequent to the large increases in oil prices in the 1970s. Specifically, an attempt will be made to assess the impact of such changes on economic growth, rural development and rural poverty in the region.

In addition, because of the importance of developments in the oil sector of the region for international migration, the impact of such developments, via employment and workers remittances, on the sending countries will be examined.

Over the last decade the rate of growth of world economic activity and world trade has greatly diminished. It is often suggested that this has been largely caused by the OPEC oil price increases of 1973 and 1979. However, such a proposition is a gross over-simplification. Singh (1985) argues that the world economic recession was caused by the structural features of the world trade and payments system and by the economic policies of the advanced countries adopted by them in response to the increased oil prices. The highly restrictive policies of monetary restraint followed by the United States, Britain and other advanced countries since 1979, he argues, have been directly responsible for the recession in the last few years. He believes that the main cause of the slump is not protection, but what he calls "beggar my neighbour competitive deflation". Under the present trading and financial regime in the world, even without creating any trade barriers when each country attempts to achieve a balance on its payments, or reduce inflation by deflating its economy, it pushes other countries into deficit and the net outcome is a vicious circle of deflation.

The most important ways in which the world economic recession has affected economic development in third world countries as a whole are as follows:

1. A reduction in the demands for third world products, particularly commodity and mineral exports.
2. As a consequence of this, a fall in commodity prices and thus adverse movements in terms of trade.
3. An increase in the real burden of interest and debt service payments, partly due to the above, and partly due to a large increase in interest rates.
4. A reduction in the amounts of aid and other capital flows.

In the present international trading and financial system, over the medium and longer-term, economic growth in the advanced OECD countries effectively determines the growth prospects of developing countries. If the advanced countries decide to raise their rate of economic growth, the developing countries, in general, gain through exactly the same channels by which they are presently disadvantaged; that is, through increased commodity prices, increased export demands and, hopefully, through increased aid and capital flows. However, the initiative and ability to undertake measures for such an economic recovery lie entirely with the advanced countries. There is little developing countries can do to increase world economic growth, largely because of their small share of world economic activity and their need to import capital goods and technology.

Over the whole period of the 1960s and 1970s the rate of growth of real GDP for the ESCWA region as a whole was about 8 per cent. It is, perhaps, not surprising that the oil exporting countries in the region should have fast economic growth in the 1970s; between 1973 and 1980 the export prices of the high income oil exporting countries increased at an average rate of 25 per cent per annum. Their terms of trade over the same period increased by 12 per cent per annum. Countries like Saudi Arabia or United Arab Emirates were clearly not restrained by balance of payments considerations. The chief limit on their rate of economic expansion was their domestic absorptive capacity. However, it is not so obvious why countries like Egypt, Syria and Jordan with diversified economies, for whom exports are not so important, should also have done so well in the 1970s. The main reason for this is the close economic linkages between the non-oil and oil producing countries of the region. The former benefit in a number of ways from the prosperity of the latter. The most important of these are workers remittances, direct demand for exports and development assistance by the high income oil exporters to the other countries.

International migration to the Arab oil producing countries over the last decade has been on a massive scale. Some basic data on this subject are provided in Tables 3 and 4. Table 3 indicates that there were approximately 1.6 million migrant workers in the Arab oil producing countries by 1975. These comprised about 17 per cent of the labour force of these countries. 65 per cent of the migrants came from other Arab countries and the rest from countries of South Asia, Pakistan, India and Sri Lanka and South East Asian countries. On the World Bank's projection in 1981 of high economic growth in the importing countries, the number of migrants was expected to rise to over 4 million by 1985. If the importing countries experienced low economic growth the projected number of migrants in 1985 was still expected to be 3.4 million. However, by 1985 the composition of migrants was expected to change. Only about 47 per cent would then come from other Arab countries, and the majority would come from outside the Arab World. Table 4 indicates the scale of migration from the Arab labour exporting countries in relation to their domestic labour force. The table shows that whereas in 1975 only 3.7 per cent of the Egyptian employed labour force was working abroad, migrants constituted more than 40 per cent of the Jordanian labour force. However, because of the very much larger labour force in Egypt, this country provided about one third of the Arab migrants working abroad in 1975. The Yemen Arab republic also provided about one third of the Arab workers working abroad, and the numbers constituted about 24 per cent of its own work force.



Worker-migration of these magnitudes has extremely important repercussions for the labour exporting countries. The most significant effect arises from the workers' remittances which help relieve any balance of payment problems; in the case of Pakistan, for example, remittances provide almost as much foreign exchange as exports, and for Egypt in 1980 remittances constituted over 60 per cent of exports.

In Pakistan workers' remittances from the Gulf States have been very important in making possible a higher rate of economic growth than would otherwise be the case. For the northern districts of Pakistan Burki (1980, 1984) has drawn together information to analyse the direct impact of international migration on the rural poor. This evidence suggests that it was the bottom 20 per cent of rural households whose members were most likely to migrate. Most of the migrants from the poor households went to Saudi Arabia and, in most cases, workers were provided with free passage by the contractors who hired them. Burki estimates the pre-migration family income of those involved in migration to be about 700 dollars per annum. These households were receiving in remittances, on average, about 2,150 dollars per annum; three times the pre-migration income. Much of this increased income was spent on meeting basic needs of nutrition, health, shelter and education.

The gains from migration from the point of view of the sending country must be assessed against the real costs, the most important of which are as follows:

1. Domestic economic growth may be constrained by labour shortages, particularly of skilled and semi-skilled labour.
2. Rural development may suffer by emigration of the male labour force and by making income from farming a marginal part of the total family income. This is likely to lead to the neglect of domestic farming.
3. Migration often leads to inflation in the domestic economy which can have adverse consequences for income distribution and poverty.
4. Migration and high income abroad may encourage patterns of consumption that are considered inappropriate for development.

However, there is no inevitability in either the gains or the costs to the sending country. These will depend on the specific circumstances in each country and the pattern of economic behaviour of its migrants. For example, rural development instead of being hindered may be aided by emigration if the remittances are used to increase agricultural investment; that has been the case in the Indian Punjab. Similarly, despite inflation real wages of the poor who remain behind may rise as a result of increased economic growth and tighter labour markets as a consequence of the emigration. There is some evidence that this has indeed happened in several labour exporting countries of the region. For example, in the largest cities of Pakistan the real wages of unskilled construction workers, after having remained approximately constant for several years, have increased by 15 per cent per annum since 1972. In the Yemen Arab Republic the real wages of agricultural workers increased at the extraordinary rate of 44 per cent per annum between 1972 and

1978. In Egypt, real wages of construction labour rose by 6 per cent per annum between 1974 and 1977 after stagnating in the previous decade.

The diversified economies of the countries in the Near East and South Asia have benefited from the oil boom in other ways: they have been able to greatly expand their exports to the oil countries. For Pakistan, the share of high income oil exporting countries in its exports has increased from 4 per cent in 1965 to 22 per cent in 1983. For India, the share of exports to the oil rich countries has increased from 2 to 7 per cent over the same period. The corresponding increase for Sudan has been from 4 to 28 per cent, and for Turkey it has been from 0.5 per cent to 12 per cent between 1965 and 1983.

The oil rich countries have also been generous donors of development assistance, both to Arab and non-Arab countries. Between 1975 and 1980 Saudi Arabia contributed more than 5 per cent of its GDP each year in the form of development assistance. The total amount of official development assistance from the Organization of Arab Petroleum Exporting Countries (OAPEC) increased from 5.6 billion dollars in 1975 to 9.5 billion dollars in 1980.

The main channels through which the world economic recession effects on rural development and poverty in developing countries can be expected to operate are:

1. Reduced domestic economic growth.
2. Higher rates of inflation.
3. Reduced government expenditure on agriculture and social welfare.

Reduced economic growth is essentially caused by the balance of payments constraint as a consequence of the recession. This leads to a low level of imports of industrial and agricultural inputs, such as machinery, equipment, fertilisers, and hence lower agricultural and industrial growth. The oil rich countries can avert this outcome either by running down their reserves or liquidating some of their assets abroad and thereby maintaining the level of imports necessary to sustain the normal level of economic growth. This is especially true if a change in the world economic circumstances is expected to be one of relatively short duration. Even the poorer oil importing countries can temporarily maintain economic growth by increased borrowing. However, if the world economic recession is of longer duration reduced economic growth, in the prevailing structure of typical third world countries, is likely to be unavoidable. Inflation may be the result of adjustment measures which governments adopt to deal with balance of payments problems. One of these may be policy measures, such as devaluation, which governments adopt, perhaps in deference to an IMF-type adjustment programme to cope with the problem. An important part of such programmes is invariably a reduction in total government expenditure and cuts in consumer subsidies and social welfare spending.

Since 1980 the economic fortunes of the countries of the ESCWA region have drastically changed. Between 1980 and 1983 the region as a whole registered a negative rate of growth of 6.4 per cent. Since oil accounts for a large part of the GDP of the oil exporting countries, approximately 30 per cent, and

since oil production fell heavily, it is not surprising that oil economies have recorded a large contraction of GDP in each of the years 1981, 1982 and 1983. Oil is far less important in the economy of Iraq: its low economic performance in recent years has much more to do with the war with Iran than with the world economic recession. Table 5 shows that while overall GDP of oil exporting countries contracted between 1981 and 1983, the non-oil GDP in these countries continued to expand, especially in the GCC (Gulf-Co-operation Countries) comprising Saudi Arabia, Kuwait, Oman, Qatar and the United Arab Emirates. Non-oil parts of the economy in GCC countries expanded at the rate of 8.7 per cent over this period. It is highly significant that the overall economic performance of the least developed countries, that is, the two Yemens, as well as that of Egypt between 1981 and 1983 was not only considerably better than that of the oil countries but was also very good by international standards. GDP in Egypt grew at over 6 per annum in this period. This is surprising since one might have expected that as a consequence of the down-turn in the oil exporting countries, the non-oil economies in the region would be disadvantaged. In the case of Egypt, there are essentially three reasons for this continued good record of GDP growth. First, because the non-oil GDP in the oil countries continued to expand, the demand for foreign workers did not fall until well into 1984 and even 1985; workers remittances from Saudi Arabia increased from 4.1 billion dollars in 1980 to 5.2 billion in 1983. In the case of Egypt, the flow of remittances to that country in fact increased by 50 per cent from 2.2 billion in 1981 to 3.3 billion dollars in 1983. Secondly, the USA has been providing 2.5 billion dollars in aid to Egypt. Thirdly, Egypt has been borrowing heavily and at the end of 1983 Egyptian long-term external public debt stood at 15.2 billion dollars which is equal to 49 per cent of its total GDP. This suggests the high vulnerability of the Egyptian economy to external economic forces, since each of the above three factors could easily operate in the reverse direction. There is some evidence that in 1985 workers remittances may have begun to decline and the high level of debt may make further borrowing more difficult.

Even though the world economic recession has adversely affected the economic development in the ESCWA region as a whole, it is not at all clear whether it has yet had any affect on agricultural or rural development. The rate of growth of agricultural output over the period 1979-83 is little different from that over the period 1975-9. The available evidence suggests that changes in the agricultural performance in the region as a whole during the 1980s are more due to general government policies towards agricultural and to weather factors, than the world economic recession.

The full consequences of the slow-down in economic growth of the oil exporting countries of the region may yet to be experienced by the non-oil countries. In the case of the oil exporting countries with high per capita incomes reduced overall economic growth need have no effect on poverty alleviation. However, in the poorer countries slow-down in economic growth is likely to have adverse effects on poverty alleviation, largely because there would be a reduction in government revenue as a consequence of reduced growth.

Table 3. Numbers of Migrant Workers in the Labour Importing Countries (Algeria, Bahrain, Iraq, Kuwait, Libya, Oman, Qatar, Saudi Arabia and United Arab Emirates), by Nationality, 1975 and 1985

(Thousands, unless otherwise specified)

Nationality	1975			1985			1985			
	High Economic Growth Rates			Low Economic Growth Rates			Percent Share			
	Number	Percent Share	Percent Increase	Number	Percent Share	Percent Increase	Number	Percent Share	Percent Increase	
Egyptians	353.7	22.0	18.8	761.7	16.7	8.0	616.9	18.2	5.7	14.7
Iraqis	18.7	1.2	0.3	12.4	-0.3	-4.0	11.6	0.3	4.7	-0.4
Jordanians	139.0	8.6	6.5	263.4	5.1	6.6	267.0	7.9	6.7	7.2
Lebanese	28.5	1.8	2.1	86.1	2.4	11.7	71.7	2.1	9.7	2.4
Moroccans	2.2	0.1	0.3	12.5	0.4	19.0	9.8	0.3	16.1	0.4
Omanis	30.8	1.9	1.1	46.0	0.6	4.1	44.6	1.3	3.8	0.8
Sudanese	26.0	1.6	2.2	88.1	2.5	13.0	80.0	2.4	11.9	3.0
Syrians	38.1	2.4	2.8	113.0	3.1	11.5	91.8	2.7	9.2	3.0
Tunisians	29.8	1.8	2.3	94.0	2.6	12.2	62.2	1.8	7.6	1.8
Yemenis (YAR)	328.5	20.4	9.9	400.8	3.0	2.0	381.0	11.2	1.5	2.9
Yemenis (PDY)	45.8	2.8	2.1	84.7	1.6	6.3	80.9	2.4	5.9	2.0
Sub-total: Arabs	(1,041.1)	(64.7)	(48.4)	(1,962.7)	(37.7)	(6.5)	(1,717.5)	(50.6)	(5.1)	(37.8)
Iranians	70.0	4.3	2.8	115.6	1.9	5.1	98.1	2.9	3.4	1.6
Indians	141.9	8.8	9.0	364.4	9.1	10.0	291.2	8.6	7.5	8.4
Pakistanis	205.7	12.8	13.7	555.1	14.3	10.4	446.0	13.1	8.0	13.5
Sub-total South Asians	(347.6)	(21.6)	(22.7)	(919.5)	(23.4)	(10.2)	(737.2)	(21.7)	(7.8)	(21.9)
South East Asians	20.5	1.3	9.5	383.9	14.8	34.0	369.9	10.9	33.5	19.6
Rest of World	130.8	8.2	16.6	677.9	22.2	17.9	472.8	13.9	13.7	91.1
TOTAL	1,610.0*	100.0	100.0	4,059.6*	100.0	9.7	3,395.5*	100.0	7.7	100.0

\*Does not include Algerians.

Source: Highlights of Current and Prospective Dimensions, Characteristics and Impacts of International Labor Migration in the Middle East and North Africa. Sockant, Birks, and Serageldin (Rabat: 1981), Table 10, p.25, quoted in The Middle East Journal, Autumn, 1984, vol 38, No: 4.

Table 4. Major Arab Labour Exporting Countries: Domestic Employment and Workers Exported to Major Labour Importers, 1974-85

(Thousands, unless otherwise specified)

	1975				1985				1985			
	Domestic <sup>a</sup> Employment of Nationals	Employment Abroad	Percent of Workforce Abroad	Share <sup>b</sup> of Arabs Abroad	Domestic <sup>a</sup> Employment of Nationals	Employment Abroad	Percent of Workforce Abroad	Share <sup>b</sup> of Arabs Abroad	Domestic <sup>a</sup> Employment of Nationals	Employment Abroad	Percent of Workforce Abroad	Share <sup>b</sup> of Arabs Abroad
Egyptians	9,070	353	3.7	34.6	12,127	712	5.5	39.2	11,154	616.9	5.2	36.4
Jordanians	207	139	40.2	13.6	413	277	38.3	14.1	385	267.0	41.0	15.7
Lebanese	522	28	5.0	2.9	587	70	10.6	3.8	587	71.7	10.9	4.2
Omanis	89	11	25.8	3.0	150	46	23.4	2.5	151	44.6	22.8	2.6
Sudanese	3,674	26	0.7	2.6	3,704	88	2.2	4.8	3,361	79.9	2.3	4.7
Syrians	1,741	38	2.1	3.7	2,311	96	4.0	5.3	1,936	91.8	4.5	5.4
Tunisians	1,599	29	1.8	2.8	2,122	63	2.9	3.5	1,914	62.2	3.1	3.7
Yemenis (YAR)	1,033	329	24.1	32.3	1,155	401	25.8	22.1	1,087	381.0	25.9	22.5
Yemenis (PDRY)	311	46	12.9	4.5	439	85	16.2	4.7	354	80.9	18.6	4.8
TOTAL	18,246	1,019	5.3	100.0	23,008	1,818	7.9	100.0	20,928	1,696.0	7.5	100.0

NOTES: <sup>a</sup>Domestic employment excludes labor surpluses at home.

<sup>b</sup>Excludes Iraqis, Mauritians and Somalis.

Source: Highlights of Current and Prospective Dimensions, Characteristics and Impacts of International Labor Migration in the Middle East and North Africa. Socknat, Birks, and Serageldin (Rabat: 1981) Table 11, p.26, quoted in The Middle East Journal, Autumn 1984, Vol 38, No 4.

Table 5. GDP Growth Rates in Countries of Western Asia 1980-84

Groups of Countries	At current price				At constant price		
	1981	1982	1983	1984*	1981	1982	1983*
1. GCC Countries	0.6	-17.7	-3.9	1.5	1.7	-7.7	-15.0
2. Iraq	-35.1	22.6	9.5	10.2	-35.0	-5.5	-7.4
Sub-total oil economies	-6.1	-12.5	-1.5	3.2	-6.4	-7.4	-14.0
Other diversified economies	18.8	1.3	7.3	4.6	2.3	-2.0	2.8
Least developed economies	7.9	18.6	7.6	8.4	6.0	8.6	3.3
Total Western Asia	-4.3	-11.0	-0.5	3.5	-4.5	-6.8	-12.5
Egypt	14.9	8.9	8.7	8.1	6.6	4.7	7.0
Total ESCWA members	-2.8	-9.2	0.5	4.0	-3.7	-5.8	-10.7

\*Preliminary estimates.

Source: ECWA (1985), page 38.

## CHAPTER IV

### POLICIES AND PROGRAMMES FOR RURAL POVERTY ALLEVIATION

In the previous chapter we examined the impact of recent changes in the world economy on the countries of the Near East. Especially for the non-oil producing countries these are exogenous shocks, over which they have little control. In this chapter we explore the range of options over which governments do have a large degree of control if they wish to do something positive about reducing poverty in their own country.

The number of specific policies and programmes in principle available to governments is clearly very large. The policies and programmes which will be discussed in this chapter are grouped into four categories. These are chosen to illustrate a progression from the most fundamental to the least, from measures which can be expected to have a large political or economic impact, to those which, while still beneficial, are likely to have a smaller or more delayed effect.

We start with measures which affect the distribution of political power, that is, those which enable the voice of the poor to be heard and which give them an opportunity to influence the distribution of wealth and income. We then consider measures which alter the distribution of productive assets, such as land. Next we examine policies designed to divert more of the flow of income to the poor and, finally, policies designed to divert a larger fraction of the flow of investment to benefit the rural poor.

#### The Balance of Political Power

In many Third World countries the poor are not only economically deprived, they are politically oppressed, especially in the countryside where the population is scattered, isolated and unorganised. The poor may be victims of discrimination on tribal, caste, ethnic or other grounds, of manipulation by land owners, money-lenders and merchants, and of exploitation. Any serious effort to improve the well-being of the poor should begin by ensuring their freedom from violence and repression. No need is more basic than the need of personal and group security. In some countries, however, a change in the balance of political power at the national level may be necessary if the basic need for security is to be met.

Ideally, in a society in which every person's voice counts, the poor should be able to influence the policies which determine whether or not they enjoy personal and economic security, of which the most fundamental policies are those affecting the distribution of wealth and income. These objective imply that the rural poor should be incorporated into national political movements, gain a voice in national, political, judicial and economic institutions and exert influence commensurate with their numbers in all major decision-making bodies (FAO, 1984).

### The Distribution of Productive Assets

The centrality of purposeful government intervention in this area is inescapable. The purpose of reallocation of productive assets is to ensure that they are distributed more evenly across the entire population. Such a programme would have two major advantages. First, since the distribution of income depends to a great extent upon the distribution of productive assets, a redistribution would result immediately in a much more equal distribution of income and in a substantial improvement in the real incomes of the poor. Secondly, the advantages of a programme of asset redistribution is that it is essentially a once and for all measure which can only be reversed with great difficulty. A government which embarks upon such a redistribution must then decide which system of economic organization to adopt. Broadly speaking there are two choices: a small peasant farming system or some form of communal organization.

Communal land tenure systems have several features which are worthy of consideration (Griffin, 1983). First, it is possible within collective systems to ensure that labour is fully employed. Second, communal systems not only create a high degree of income equality, but also tend to perpetuate it over time. Third, they contain a high potential for capital accumulation. Fourthly, they provide a framework for industrialization of the countryside. Fifth, they provide an institutional framework for the provision of public services such as health and education; and finally, they provide a framework for local participation in political affairs. Similar features can be incorporated into the design of small peasant farming systems, but they are not inherent in such systems.

Few governments may be prepared to contemplate as radical a programme of asset redistribution as has been described. There are, however, a range of alternative measures which entail at least a partial redistribution of productive assets, and which can be of benefit to some sections of the rural poor. These measures include the imposition of land ceilings or the redistribution of uncultivated holdings. The problem with such policies is that they are easy to evade, difficult to enforce, costly to administer, prone to become entangled in prolonged legal controversy and may be of limited effect in reducing hard-core poverty. The main beneficiaries tend to be households which already own some land and in many cases the landless are wholly excluded. Where the amount of land to be redistributed is small, a better policy may be to provide each land-less household in rural areas with a house plot or homestead on which vegetables and fruit can be grown, poultry raised, and a house with title erected. Such a policy would have the virtue of providing a minimal level of economic security to everyone, although its contribution in reducing poverty may be modest.

Less ambitious still are policies which leave the distribution of land ownership intact, but attempt to alter the contractual relationship between landlord and tenant. Examples are policies which make share-cropping illegal or specify a minimum share to be received by the tenant, or which attempt to give tenants security of tenure. In practice, these policies seldom succeed in significantly improving the position of the intended beneficiaries. If landlords are not allowed to evict an unsatisfactory tenant they may simply



switch to a wage labour system of farming. If landlords are told what a minimum cropshare must be, they may simply require the tenant to supply more of the material input, or take advantage of the inter-linked factor markets by charging the tenant for more credit or offering a lower price for the tenant's output that the landlord transports and markets for him.

If share-cropping is prohibited by law the landlord may simply switch either to a fixed rental system for farming or one based on hired labour. Such contractual reforms offer no real substitute for a change in the ownership of the means of production.

#### The Distribution of the Flow of Income

If a government is unable to alter property rights, it may attempt to alleviate the problem of poverty by changing the distribution of income. Income transfers to the poor generally take the form of payments in kind rather than cash grants. The most important transfers in kind consist of provision by the state of free or subsidised health and education services. Potentially of equal importance are food rationing systems which exist in a number of countries and in principle can be used to alleviate hunger and malnutrition. In practice, however, the public distribution of food grains has often accentuated inequality, rather than reduced it. In Bangladesh the system has benefited mainly the urban middle class, the army and civil servants. In Pakistan, Egypt and most of India the beneficiaries are largely the inhabitants of urban centres. The orientation of these schemes, including their pronounced urban bias, reflects the nature of class interests and the lack of serious commitment by the governing classes to the reduction of poverty. There are exceptions, however, for example, Cuba and China, which demonstrate that a food rationing system can benefit the poor (Griffin and James, 1981).

In general the record of governments in improving the distribution of income in these ways has been mediocre. In most of the Near East and South Asia, with the partial exception of some oil-exporting countries, tax and expenditure policies associated with Western welfare states have been applied only to a limited extent and have primarily benefited middle and upper income groups. The rural poor have been excluded almost entirely from the programmes.

Price policy can be considered a method of redirecting the flow of income towards the rural poor. As we have noted, the effects of price policies on the rural poor are complex because the poor are not a homogeneous group. Most subsidy payments for inputs and subsidised credit go to larger and wealthier farmers, while the effect of lower prices is felt by all farmers who sell any part of their output. The traditional small farmer may not only not benefit from subsidies on improved technology, but may also pay indirectly taxes out of which the subsidies are funded. Other beneficiaries of policies that lower agricultural prices and subsidise inputs are middle- and upper-middle urban classes, not necessarily the urban poor.

In Jordan it is considered that commodity price policy is biased towards the urban population through the consumer food price programmes and towards the larger land holders.

Countries which have achieved an egalitarian rural society and have, in addition, developed institutions at the rural community level which promote investments within agriculture and in the rural areas, for example China, find it possible to use the instruments of price for reducing the urban/rural gap and for promoting investments in the rural area. In such countries price effects on different groups within the rural community are not likely to be conflicting. In countries with a large proportion of the landless workers who have nothing to sell, or of small producers who have only very little to sell, there has been a need to ensure that while price policies provide incentives to growth and employment within agriculture, higher food prices do not erode the real incomes of poorer people. In these situations there may be a conflict in the short run between price policies for agricultural growth and the objective of alleviating rural poverty.

### The Pattern of Investment

The possibility of alleviating poverty by channelling a large proportion of the flow of new investment towards projects of direct benefit to the poor might at first glance have several attractions to governments. It would not require an immediate change in the distribution of wealth and personal consumption or a fall in the standard of living of the better-off groups in the community. It would not require a rise in total investment, but merely a change in the pattern of investment, and it would not require a change in property rights or in the ownership of the means of production. Such a strategy is clearly a gradual one; it operates at the margin, change occurs slowly over a long time, and the disturbance to social relations is kept to a minimum. Good is done by stealth and in some countries it may be thought that this is all that is possible.

Chenery et al (1974) have carried out simulation exercises on a typical developing country economy, comparing a number of policy options including consumption redistribution, investment redistribution, wage restraint and laissez-faire economic growth. The conclusion was that there was significant potential for raising the incomes of the poor through a policy of investment transfers. Though operating at the margin it could achieve substantial improvements in the pattern of asset concentration over time. If income in the poorer groups is constrained by lack of physical and human capital and access to infrastructure, then reallocation of public resources can provide a powerful mechanism for removing those constraints. The authors argue that the extent of the resource transfer involved, 2 per cent GNP per year for 25 years, is not small but should be feasible in many countries. Compared to the basic laissez-faire solution, the share of income of the poorest 40 per cent was projected to increase from about 12 per cent to 19 per cent in 25 years time. The absolute increase in the level of real income of the poorest is quite modest, however, approximately 33 per cent over the period. In the simulation it is of interest that though the incomes of the rest of the population also increase, they increase at a lower rate under the basic solution and GNP in total also grows at a slower rate.

It is important to recognise, however, just how small in practice is the margin on which one is operating. Total gross investment varies from an average of 13 per cent of GDP in the low-income countries other than India and

China, to about 24 per cent in the middle-income countries. The share of investment allocated to agriculture is rarely as high as 20 per cent, and appears to average about 10 per cent. Thus investment in agriculture in a typical Third World country accounts for only 1.4 - 2.5 per cent of GDP. For the modest rises in income suggested by the simulation exercise to come about, clearly all of this investment would have to be allocated for transfers to the poor. Of course, investments in other sectors may be beneficial to the rural sector, but the fact remains that at the present only a small proportion of GDP is allocated to investment projects which are intended to raise output and income of the poor in the countryside.

There is, in addition, considerable evidence that rural development projects financed by governments and international agencies often fail to reach the poor or even to attain their goal of increasing agricultural output. Studies of such projects in several African countries, namely Tanzania, Kenya, Ghana, Niger, Sudan and Nigeria, have demonstrated this quite clearly (Heyer *et al.*, 1981). Similar findings have been reported for Bangladesh (Hartmann and Boyce, 1983).

Policy simulations carried out on Bangladesh and reported in Alamgir and Ahmad (1981) indicate that the most effective means of improving the incomes of landless workers is to provide them with increased access to productive assets and associated inputs. Even so it was found that only a modest improvement in their incomes was possible. When compared with 1975 it was found that income distribution of the agricultural population would become more unequal in the year 2000 under all policy alternatives considered. However, policy intervention could improve the outcome in terms of reducing the degree of income inequality. It was only when a set of radical policies was introduced that there was an improvement in the status of both small farmers and landless labourers.

The redistributive strategies underlying these simulations included:

1. Redistribution of livestock and fishery income in favour of landless workers.
2. Cropping pattern changes to compensate for the loss of income of small farmers, due to the redistribution of livestock and fishery income.
3. Introduction of land to the tiller reform.
4. Introduction of a 10 acre ceiling on the ownership of cultivable land and redistribution of surplus land to as many landless workers families as possible in 1.5 acre parcels.
5. Cropping pattern changes towards labour intensive crops on large farms.

## CHAPTER V

### CASE STUDIES OF AGRARIAN CHANGE IN THE NEAR EAST

This chapter is devoted to case studies on Egypt, Iraq, Jordan, Syria and the People's Democratic Republic of Yemen. Each follows broadly the same format, with a brief description of the place of agriculture in the economy, the resource base (land and population), agrarian structure and rural development, the incidence of rural poverty, and policies and programmes for poverty alleviation. The purpose of these case studies is to complement the broad analysis of relationships between growth, development and rural poverty, and policies for the alleviation of poverty, attempted in previous chapters by a more detailed discussion of the experience of individual countries in the ESCWA Region and the manner in which they have tackled common problems.

The studies on Jordan, Iraq, Syria and Yemen rely heavily on the papers by ESCWA (1985), Alwan (1985), El-Zoobi (1984) and Qudar (1985) respectively. The reader can find more detailed description and discussion in these sources.

#### EGYPT

##### Agriculture in the Economy

Over the period 1960-82 growth in GNP per capita was, on average 3.6 per annum which is somewhat above the average for middle-income countries. Overall GDP growth was 4.3 per cent per annum in the 60's, rising to 8.4 per cent per annum in the period 1970-82. However, the growth of agricultural GDP was considerably lower, being 2.9 per cent and 3 per cent in the two periods respectively. Thus, the growth of agricultural output only marginally exceeded the growth of population over the whole period which was 2.5 per cent per annum. The share of agriculture in total GDP has declined from 30 per cent in 1960 to about 20 per cent in 1982.

For centuries agriculture has been Egypt's major source of foreign exchange earnings, especially from cotton. But during the 1970s the volume of agricultural exports declined by nearly 50 per cent, and agriculture's share of exports declined from 80 per cent in 1970 to about 16 per cent in 1980.

Self-sufficiency ratios in the major agricultural commodities have declined drastically over the last 20 years. The food production per head index with a base of 100 for 1969-71 was only 85 in 1980-82. Cereal imports have grown from about 3.9 million tons in 1974 to 6.7 million tons in 1982. The resulting trade deficit on current account has been financed by concessional aid from abroad, especially from the U.S.A. and from the massive increase in remittances from Egyptian workers working abroad, especially those in the Gulf States.

Despite the high migration of agricultural workers to other sectors and even to other countries the total labour force in agriculture remained more or less constant during the 1970s at about 4 million people. According to the 1984 World Development Report agriculture's share in the labour force fell from

58 per cent in 1960 to 50 per cent in 1980. However, the data on the agricultural labour force must be treated with caution; official statistics probably understate the amount of work done by women in agriculture (Richards and Martin, 1983).

#### The Resource Base

Nearly 96 per cent of Egypt is desert. Only about 6 million acres is cultivable land; this is mostly situated along the banks of the Nile in Upper and Middle Egypt and in the Nile delta.

The total population in 1982 was approximately 44 million and is projected to increase to about 52 million in 1990. In 1982 45 per cent of the total population was estimated to be urban. With the close proximity of town and country in Egypt the distinction between urban and rural is less meaningful than in many other countries. The country's effective population density is amongst the highest in the world.

The increases in the cultivable area from land reclamation schemes are probably balanced by the loss of land from urban encroachment and from the loss of top soil for brick-making. Nearly all the cultivated land is irrigated and the soil, mostly alluvial, is of very high quality. However, the productivity of Egyptian agricultural land has been undermined by failure to install adequate drainage in the past. In 1980 there were approximately 6.3 million feddans of cultivable land, cropping intensity is about 1.9, so that the total cropped area per year is about 11 million feddans. In terms of area, the major crops are berseem for animal fodder, cotton, wheat, maize, rice and vegetables.

#### Agrarian System and Rural Development

The agrarian Reform Act of 1952 obliged all land reform beneficiaries to become members of a co-operative. The co-operative replaced the former land owner in the organization of cultivation, provision of credit and other inputs, and the marketing of produce. The system has, in fact, been extended to cover nearly all rural Egypt, in addition to the land reform areas.

Each village has a local co-operative, which is run by an elected council of 5-7 members, assisted by a supervisor, appointed by the Ministry of Agriculture. Through the co-operatives the government is able to control crop rotation schedules, water distribution and the organization of farming operations. As well as providing the bulk of key inputs such as fertilizer, insecticides, seeds and credit, the co-operatives are the outlet for the marketing of major crops for which there are quotas for direct procurement by the government.

The distribution of land ownership, despite the agrarian reform legislation, is still moderately unequal by comparison with other countries. There are differences in estimates of the number of holdings and their size distribution, but it is probably fair to say that about 95 per cent of holdings are less than 5 feddans and these now occupy about 50 per cent of the total land area, whereas farms more than 20 feddans are about 1 per cent of the total holdings, and occupy about 28 per cent of the land area (Table 7).

Farm sizes have declined steadily due to land ceilings, Moslem inheritance law, a relatively fixed total land area, and a rapidly growing rural population. The distinction must be made, however, between owned and farmed areas, since probably at least one third of the farm area is rented. Most rentals are for cash. Share-cropping is not common in Egypt, although there are suggestions that it is increasingly being used as a means of evading tenancy regulations under the Agrarian Reform legislation. Tenants are protected in several ways. Rents are restricted to seven times the land tax and leases must last a minimum of three years. Eviction of tenants is difficult; however, again there are allegations that these restrictions are often evaded (Richards and Martin, 1983).

The percentage of the rural population which is landless is not known with accuracy. Hansen and Radwan (1982) suggest that landless agriculture workers may now only be 20 per cent of the rural population.

The labour market is highly fragmented so that there is a problem of matching supply and demand for particular skills. Thus, open unemployment, under-employment, vacancies and over-staffing can exist side by side. There are now widespread shortages, not only of skilled labour, but in many areas also of unskilled labour, with surplus labour concentrated in the public sector, certain types of small scale agriculture, possibly certain parts of the urban informal sector and amongst an increasing number of unemployed educated youth.

There are several indications that the agricultural labour market has become increasingly tight and labour shortages are being increasingly reported. Real wages, which over long periods have remained relatively constant, have increased rapidly during the last decade (Table 8). Plausible explanations for this trend are increased migration, both to urban centres and abroad, increased education in rural areas, alternative employment opportunities especially animal husbandry for small farmers, permitting them to reduce their participation in the hired labour market, a low elasticity of supply in response to the wage rate, and various imperfections and segmentation of the agricultural labour market (Richards and Martin, 1983). Such rapid increases in the real wage have probably been one reason for the spread of mechanisation of Egyptian agriculture. Another factor is probably the cheap credit provided for the purchase of tractors. It is suggested by Richards and Martin that another explanation is the high prices of livestock products compared to the low procurement prices for most crops, which have encouraged farmers to reduce the use of animals for draught purposes, thereby obtaining higher meat and milk yields from their animals.

Increasing sub-division of farms has led to an increase in very small farms that cannot provide employment for all family members who, for a number of reasons, are not able to join the active rural labour market or to emigrate. Thus, again, increasing over-all labour shortage in agriculture exists side by side with under-employment on very small farms.

Crop yields in Egypt are amongst the highest in countries of the Third World. However, there is agreement that significant increases could still be obtained if adequate drainage was introduced. The proportion of the cereal

area planted with high yielding varieties has gradually increased but the impact on total yields has been limited. Over the period 1970-80 the yields of wheat and rice have not shown a significant change. The yield of cotton has, however, increased significantly over this period (Wally et al, 1982).

The share of investment in agriculture has declined from approximately 25 per cent of total public sector investment in 1965 to only 7 per cent in 1975. Most of the investment in agriculture has gone into irrigation. Private sector investment has not made up for this lack of public investment; it was probably only about 4-5 per cent of gross fixed investment in the mid-1970s. It is commonly believed that the government price policy has been responsible for this. What private investment has taken place has gone towards expansion of fruit and vegetable production. However, expansion in this area may be limited by the physical infrastructure in marketing. The Development Plan for 1980/81-84/85 indicates that 12 per cent of gross fixed investment is planned to be used in agriculture, as against the 7.7 per cent actual in 1975/79. The Plan assumes an increase in employment in agriculture of about 45,000 jobs per year over the period. Hansen and Radwan (1982) are rather doubtful about this assumption in view of their estimates that employment in agriculture over the previous five years declined by a small amount.

As we have seen, the production of the major crops is determined annually by the government and farmers are required to deliver certain amounts through the co-operatives at specified price levels. All of the cotton crop and a large proportion of the winter onion crop is sold to the co-operatives at low fixed prices. Among the basic food commodities varying proportions of beans, rice, wheat, lentils, sesame and ground nuts are subject to a quota system. In the case of sugar, nearly all the crop is sold to the government because all of the processing facilities are state owned.

#### Dimensions of Rural Poverty

There is no official poverty line in Egypt. Radwan, in Radwan and Lee (1979) estimated the proportion of rural families below the poverty line as 35 per cent in 1958/9 falling to 27 per cent in 1964/5, rising steeply to 44 per cent in 1974/5. The latter figure represented about 5.8 million people. Household expenditure surveys showed that the Gini coefficient had increased marginally over the whole period from about 0.37 to 0.39. Hansen and Radwan (1982) give a poverty line of Egyptian pounds 67 per head per year. The poverty gap is given as Egyptian pounds 19.4, which represents approximately 29 per cent of the poverty line income. Though we have no more recent information on the magnitude of poverty it can be inferred from the rise in real wages already noted that the proportion of rural people in poverty may have declined since the mid-1970s.

However, the increases in real wages over the last few years may mean that wage earners are no longer the poorest of the poor. The impression of the ILO mission to Egypt (Hansen and Radwan, 1982) was that the poorest rural households are those who have little or no diversity of income, that is, those on very small farms without a family member abroad in the Gulf States, or those who are working in the low productivity tertiary sector in villages.

An analysis of data from the 1977 ILO survey reported in Radwan and Lee (1979) showed that the very poor, that is the bottom 10 per cent of households in the survey, had all the symptoms of chronic poverty; high dependence on transfer payments, including remittances, a high proportion of disabled people and a high proportion of single member households, often consisting of one old person. The alleviation of poverty in such a group of people clearly requires special welfare policies. Above this hard-core poverty group, income levels are broadly related to the pattern of household economic activity. Families engaged primarily in agricultural labour from the next 20 per cent of households; beyond these groups, rising incomes are associated with access to land reflected in the rising share of income from family farms and access to income earning opportunities outside the village.

The ILO study indicated a substantial correlation between the various manifestations of rural poverty. Households with incomes below the poverty line also suffered a short-fall in their calorie intake; their access to such basic needs as education and housing fell short of minimum requirements. About 20 per cent of the poor appeared to have an acute malnutrition problem, suffering from a calorie deficit of some 35-60 per cent of their requirements. On average the poor population derived more than 65 per cent of their calorie intake from cereals and straches. The overwhelming majority of the poor and marginal households lived in mud brick houses, some 3-7 per cent lived in huts and only 8-10 per cent lived in red brick houses. By contrast about 30 per cent of the non-poor lived in red brick houses. Moreover, amongst the houses of the poor households only 16 per cent had drinking water, 12 per cent had electricity and 30 per cent adequate sewage facilities. As regards education, the proportion of the poor with less than primary education was 95 per cent, whereas among the non-poor it was 87 per cent.

In attempting to understand the causal factors in the process of poverty generation, the authors identified three basic attributes: the ownership of assets, employment and demographic characteristics and sources of income.

The disparity in the distribution of land and other productive assets had serious implications for income distribution. The Gini coefficient for the size and distribution of assets in the survey was as high as 0.72. The authors believe that although the agrarian reform has had some effect in redistributing land and income they believe that the fundamental forces which perpetuate inequalities in rural Egypt continue to operate. The ILO survey, which observed purchases and sales of land according to farm size, indicated that loss of land has been concentrated amongst small farmers and had, therefore, contributed to a worsening of the inequalities in the distribution of land.

According to Abdel-Fadil (1975) the group of owners with 20 or more feddans had its real share of agricultural income rise from 25 to 32 per cent over 20 years, whilst the numbers declined, thus income per head rose over this period. The share of agricultural income of wage labourers and poor peasants increased, from 20 to 38 per cent, but their numbers also increased rapidly so that there may not have been any increase on a per head basis.



The government's crop rotation and consolidation system has also had an adverse effect on small farms. Their small plots inevitably fall within a single block and they are then obliged to grow a single crop. If, for example, in one year they are obliged to grow cotton, they then have to buy their requirements of wheat, corn, berseem or animal fodder on the open market. Larger farmers have an advantageous position in this respect as their holdings may be large enough to enable them to diversify their production and have a surplus to sell. Radwan and Lee (1979) also show that the terms of trade for larger farmers has increased over the period 1960-75, whereas that of small farmers has remained approximately constant.

The overall supply of calories and protein appears to be adequate. However, there are nutrition related diseases amongst the lower income groups in both urban and rural areas. Debilitating disease, such as bilharzia, affect most of the agricultural population. There are large differences in mortality within Egypt. Life expectancy in Upper Egypt is much lower than average, in particular child mortality in rural Upper Egypt is about 3 times that of the urban governorates. Primary school enrolment in Upper Egypt is also substantially lower than average. While the availability of school places explains a major portion of the differences in enrolment in rural areas, it does not explain all the differences. There is a suggestion in World Bank (1981a) that it is also related to the requirements for child labour in agriculture in the rural areas of Upper Egypt. Most of Egypt's 4000 villages have primary schools but the poor condition of these schools and the high rate of absenteeism of both teachers and pupils, the latter especially during agricultural peak seasons, may help to explain the poor educational level of school leavers.

#### Policies and Programmes for Rural Poverty Alleviation

Agricultural policy in Egypt has basically two goals: the first being to provide adequate food to all groups of the population, including those with low incomes; the second goal is to become fully self-sufficient in as many food commodities as possible. The instruments used for these purposes have included investment in land reclamation and irrigation, control of input supplies, area allotment, procurement of food supplies, direct and indirect price controls for agricultural commodities and input pricing and allotment.

A study by de Janvry et al (1981) was addressed to the question of whether forced deliveries were needed to ensure adequate market supplies of the major foodstuffs. Their empirical study on wheat and rice concluded that forced deliveries are irrelevant to food security in Egypt. Voluntary sales would increase more than proportionately if compulsory deliveries were halted. A side effect of the present arrangement is that prices are increased on the free market which reduces the welfare of those rural households that do not have full access to subsidised food and those that produce less than their subsistence requirements.

The complex set of market interventions and price regulations not only cause domestic prices and price ratios of agricultural products to diverge

from border prices, but also cause differences in prices between domestic markets for the same commodity. Such price distortions affect the allocation of resources, production and consumption patterns and foreign trade.

Several inputs used by agriculture are subsidized, for example, fertiliser, pesticides for cotton, and feeding stuffs; moreover, farmers benefit from indirect subsidies such as low fuel prices, free irrigation water and other infrastructural services. These subsidies to some extent balance the negative income effect resulting from depressed product prices. However, Waterbury (1979) believes that the result of irrigation water being supplied free of charge is increased amounts of water-logging and soil salinity.

A number of studies have shown, that at least in the 1970s the various distortions have led to effective transfer out of agriculture to the rest of the economy. Richards and Martin (1983) argue that they not only transfer income from agricultural producers to urban consumers who are, on average, better off, but they also tax small farmers more heavily than large farmers. The latter can often avoid government imposed crop rotations and plant whatever crops they wish.

#### Conclusions and Recommendations

An important factor that must be taken account of in formulating future policies is the likelihood of a reverse flow of unskilled labour from the Gulf States (Birks and Sinclair, 1980); with the rapidly increasing population and labour supply in Egypt the tight labour market which has been the case in recent years may not continue in the future.

The complicated set of area and price controls for agriculture, we have argued, has reduced the profitability of crop activities and raised that of livestock products. Wherever livestock is utilised for the production of meat and milk, female and child labour usually are involved. In contrast, livestock used as draught power in agricultural production usually serves as a complementary input to male labour, for example, in ploughing and threshing, thus releasing female labour for other farm activities. Extensive diversion of livestock to milk and meat, along with the distortion of the price ratio between food and animal fodder has resulted in a spread of mechanisation in an economy with a considerable amount of unemployment, only partially relieved by migration abroad. Consequently, female and child labour have replaced male labour to some extent. There are disturbing indications of declining elementary school attendance and increasing drop-out rates in rural areas. Such a situation is the unexpected result of partial price controls. Controlling food crops and cotton, for example, while allowing livestock product prices to escalate is a contradiction, because non-control at one end neutralises the controls at the other. Thus, there is a crucial need for an integrated long-run policy package in Egypt. A removal of price distortions all along the line, including those of inputs, is required to restore the balance between crops, livestock and human resources.

However, as a short-term measure for alleviating poverty, the present food subsidies, though rather inefficient, seem to be the only way at the moment to reach the poorest classes of the population. The policy involves large

subsidies, partly financed by the government budget, partly by the low prices paid to farmers. This has had, and may continue to have harmful incentive effects on production and employment in agriculture; producers prices should be adjusted to be in line with international border prices: Hansen and Radwan (1982), suggest that the necessary financing could be obtained by a revival of, and an increase in, the land tax, to be levied without exemption in proportion to the assessed market value of land rentals. Recent developments appear to have favoured land owners at the expense of tenants. Hence, it would also be worthwhile taking up the authors' suggestion for a thorough revision of the legislation controlling the relationship between tenants and owners of land.

Table 6. Egypt : National Income (In Millions Egyptian Pounds at 1975 Prices)

	1970	1975	1978	1980
Agriculture	1224.0	1468.0	1528.0	1695.0
Mining, manufacturing	837.0	1029.0	1495.0	1918.0
Construction	298.0	243.0	342.0	407.0
Electricity, water	49.0	88.0	125.0	135.0
Transport, communications	142.0	260.0	534.0	843.0
Trade, finance	494.0	772.0	1070.0	1500.0
Other services	728.0	1196.0	1474.0	1723.0
GDP at factor cost	3772.0	5056.0	6568.0	8221.0
Net indirect taxes	620.0	162.0	564.0	390.0
GDP at market prices	4392.0	5218.0	7132.0	8611.0
Factor payments to abroad (net)	-74.0	57.0	702.0	310.5
GNP	4318.0	5275.0	7834.1	8921.5

Source: World Bank (1983).

Table 7. Egypt : Distribution of Farm Holdings

Holding Size (feddans)	Area (per cent)			Holdings (per cent)		
	1952	1961	1977	1952	1961	1977
< 5	35.4	52.1	52.0	94.3	94.1	95.0
5 - 20	19.5	19.1	21.4	4.5	4.7	4.0
> 20	<u>45.1</u>	<u>28.8</u>	<u>28.6</u>	<u>1.2</u>	<u>1.2</u>	<u>1.0</u>
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Total No. of holdings ('000)				2,801	3,101	3,462
Average size (feddans)	2.1	2.0	1.6			

Source: von Braun and de Haen (1983) p.19.

Table 8. Egypt: Movement in Rural Real Wages

Year	(1938 = 100)	
	(1)	(2)
1950	147	
1955	87	
1960	123	
1965	135	
1970	138	147
1975		183
1976		217
1977		246
1978		250

Source: (1) Radwan (1977) (2) Koval and Bahgat (1980).

## IRAQ

### Agriculture in the Economy

There are no data in the World Development Report of 1984 for GNP per head or its growth. However, growth in GDP over a number of years usually approximates growth in GNP; total GDP at factor cost and at constant prices grew at 6.1 per cent in the 1960s and at the phenomenal rate of 10.5 per cent in the period 1970-78 (World Bank, 1983). Taken in conjunction with the population growth of 3.2 per cent and 3.5 per cent respectively in the two periods, the rate of growth of GDP per head were thus 2.9 per cent per annum and 7 per cent per annum respectively.

In the 1960s agricultural GDP grew at a slightly slower rate than total GDP, namely at 5.7 per cent per annum. However, over the period 1970-78 World Bank (1983) gives a figure of -1.8 per cent, while a figure of 3.4 per cent over the period 1970-80 given in Alwan (1985).

Another indication of the poor performance of agriculture in the 1970s is the index of food production per head. This is given as 87 in 1980/82, compared with the base of 100 for the period 1969-71. Agriculture at one time was the dominant sector of the Iraqi economy, but its poor performance and the phenomenal growth of the oil sector in recent years has depressed its share in national income. In 1960 agriculture provided approximately 17 per cent of total GDP (World Bank, 1984); according to Alwan (1985) the share had dropped to about 10 per cent by 1982.

Employment in agriculture was about 53 per cent of the total labour force in 1960, but this had fallen to 42 per cent by 1980. Due to the rapidly increasing population and the poor performance of food and agricultural production, there has been a substantial rise in food imports in recent years. According to Alwan, Iraq in 1978 had the highest food import bill on a per head basis amongst developing countries. The self-sufficiency ratio for wheat declined from approximately 67 per cent in 1974 to 40 per cent in 1981. However, due to the massive increase in oil exports Iraq has been able to maintain a positive balance of trade.

### The Resource Base

Out of the total land area of Iraq of about 44 million hectares, about 12 million hectares are considered as potentially suitable for agriculture. The remaining area consists of deserts and mountain areas. Out of this 12 million hectares only about 8 million hectares have actually been used for agriculture. Due to constraints of soil salinity, a shortage in the summer of irrigation water and the practice of fallowing, the normal area cropped each year is in the region of 3-4 million hectares.

The climate is characterised by two distinct seasons: the long, hot and dry summer and the cool and more or less humid winter. Rainfall varies greatly according to the region. The mean annual rainfall in the north and northeast mountainous areas is 60-120 cm, whereas in the area of Baghdad and most parts of the southern desert it is generally less than 15 cm. About 2.4 million hectares are considered to lie in the dry farming area.

Cropping intensity is low, about 60 per cent, mostly due to the fallowing system.

The most important crops grown are wheat and barley; other crops grown are oilseeds, lentils, vegetables, sugar beet and sugar cane, cotton, tobacco and orchard crops. Several hydraulic systems have been constructed in Iraq with the objects of providing water for irrigation, regulating river flows, and generating electricity. Although water for irrigation is relatively abundant in Iraq there is still a shortage of irrigation water during the summer, especially in central and southern Iraq.

The total population in Iraq in 1983 was about 14.5 million, and as we have noted, the population is growing at about 3.5 per cent per annum. In 1960 the rural population formed about 57 per cent of the total population, but by 1980 due to rapid migration the percentage had fallen to about 30 per cent. According to Alwan (1985) the urban population has been growing at about 6 per cent per year, compared to only 0.3 per cent for the rural population.

#### Agrarian System and Rural Development

Before the implementation of the first Agrarian Reform Law of 1958, there was a very high degree of concentration of land ownership. Probably about two thirds of agricultural land was owned by people constituting only 2 per cent of the total number of land holders. Farmers with less than 25 hectares constituted about 86 per cent of the total number, but the area held by them was only about 10 per cent.

The first Agrarian Reform Law provided for the following: the imposition of land ceilings and the expropriation of all privately held land in excess of these ceilings; the distribution of the expropriated land to landless peasants and others on small-holdings of 7.5-15 hectares in irrigated areas and 15-30 hectares in rain-fed areas; the formation of cooperative institutions with compulsory membership for all land reform beneficiaries; and the regulation of tenancy relations between land owners and tenants on other land. Eviction of tenants was prohibited and the proportions in which produce was to be shared were prescribed according to the respective contributions of the two parties.

From the political point of view the objectives of this first agrarian reform were largely achieved in that the power of the large land owners was ended and the poorest class of the rural population, the fellaheen, were given some stake in the land and more secure social status. However, from the economic standpoint the reform was not so successful: data on agricultural output indicated that there was a decline in crop production in the years after the land reform, grain production fell by 17 per cent, rice by 20 per cent and cotton in the region of 16 per cent. However, some of the decline in production may have been due to the continuous drought in the period 1959-61. There were also problems in the distribution of the expropriated land. A high proportion of this land was leased by the Ministry of Agrarian Reform on temporary contracts; this created a feeling of insecurity amongst these tenants. Apparently, the government was uncertain as to whether it was desirable to distribute all the expropriated land to new owners or whether to introduce a collective farming system on this land. After several amendments

to the first Agrarian Reform Law it was replaced by the second Law in 1970. This provided for the introduction of collective farming, the expansion of state farms, and the continuation of cooperative organizations of small-holdings in the agrarian reform areas. In addition, the ceilings on land ownership were reduced, compensation for requisitioned land was abolished, and the distribution of land was not limited to Iraqi citizens but any Arab citizen was allowed to benefit if certain qualifications were met. Thus, at the present time, about 85 per cent of cultivated land is under the collectives, state farms or cooperatives. The remaining 15 per cent is composed of private farms outside the agrarian reform areas. Thus, at the present time very large ownership does not exist in Iraq, the general feature is one of small and medium sized holdings (see Table 10).

In addition to the cooperative societies, rural people are encouraged to become members of other political organizations in order to protect their interests, improve their bargaining power and to promote participation in development programmes. The most important of these organizations are the Party's Peasant Bureau, the Farmers' Association, and the General Union of Iraqi Women.

The activities of the agricultural cooperatives include provision of credit by the Agricultural Cooperative Bank, marketing, provision of agricultural inputs, machinery services, land reclamation and orchard establishment, and the development of animal production. Collective farms have decreased in number because they have not been a success; they have suffered from poor management and inadequacy of supplies of credit and farming inputs, and most importantly, they have suffered from a lack of enthusiasm on the part of the farmers concerned.

The performance of state farms has also not been satisfactory. In 1976 about a quarter of a million hectares were in state farms. In spite of their poor performance the government is still pressing ahead with the development of state farms and attempting to remove the constraints which have troubled them in the past. In 1983 it was decided that these farms should concentrate mainly on the production of crops such as cotton, sugar beets and sugar cane and oil seeds. Some of the state farms have been abolished and together with some newly reclaimed land, areas have been leased on a short- or long-term to individuals or companies. An ESCWA consultant's report on state farms recommended that more importance be given to economic principles of farm management, and to decentralisation of decision making. More participation of employees in farm-level decision-making was also recommended.

Investment in agriculture as a proportion of total investment in the national development plans was about 19 per cent in the early 1970s, falling to about 14 per cent in the second half of the 1970s. However, as the total amount of investment in the national plan greatly increased over the whole period the absolute amount allocated to agriculture rose significantly. Domestic fixed capital formation in agriculture also rose significantly during the 1970s. In the period 1970-75 it averaged about 40 million Iraq dinars, rising to about 240 million during the period 1975-80 and 570 million Iraqi dinars in 1982. The major part of this capital formation was in infrastructural projects such as irrigation and land reclamation.

As we have seen the rapid growth in other sectors of the economy has encouraged migration from rural to urban areas. There are growing labour shortages in agriculture, particularly at peak seasons. There was apparently an absolute decrease in the economically active population in agriculture between 1975 and 1977. There has, however, been increased participation by women in gainful employment; unfortunately, there are no recent data on the changes in the employment of females in the economy. Due to overall labour shortages, foreign workers, particularly those from Egypt and other Arab countries, have been encouraged to move into the country. In addition, farm families have been brought from these countries to cultivate land in Iraq.

The marketing of grain is carried out by state monopoly. Purchase prices which are fixed by the government are announced at the beginning of the agricultural season. Farmers are required to sell all their production to the state; this is also true for tobacco. For other crops, such as dates, industrial crops and oil seeds, a minimum purchase price is announced before the season starts, and producers are free to sell to other agencies if they wish. As regards fruit and vegetables the minimum price as well as the consumer price is fixed by the pricing commission for the entire country. These prices are revised periodically.

The State Organization for Agricultural Marketing undertakes to purchase any surpluses of fruit and vegetables that are subject to official pricing which farmers could not dispose of during the period designated for their sale. The surpluses are usually disposed of by this organization, either by distributing to other parts of the country, by export, by storage or by transfer to food processing plants.

#### Dimensions of Rural Poverty

Chenery *et al* (1974) placed Iraq in 1956 amongst the high inequality countries. The lowest 40 per cent of the population were shown as having only 6.8 per cent of income, whereas the top 20 per cent of the population were receiving 68 per cent of total income. Bakir (see Alwan, 1985) gives the Gini coefficient in that year as 0.63. As we have seen, before the revolution Iraq had a very high concentration in the distribution of land holdings, probably the highest amongst the Middle Eastern countries. According to household surveys of 1971/2, 1976, the situation is now radically different. The bottom 40 per cent of rural households account for about 28 per cent of total expenditure, and the top 20 per cent for about 30 per cent of expenditure (See Table 11).

The Gini coefficients calculated from this data are 0.15, 0.18 and 0.17 respectively. The apparent small increase in the value of the coefficient is unlikely to be significant taking into account sampling errors of the surveys. Such very low values, if they can be accepted as valid, must place Iraq now amongst countries with very low degrees of inequality. The Gini coefficients for urban distribution of expenditure are only slightly higher than the rural values.



There is no official poverty line in Iraq so it is not possible to estimate the incidence of poverty. However, it is considered that the following groups may fall into the poverty category: small owner-cultivators whose farm sizes are less than 2.5 hectares, these constitute about 23 per cent of the total number of land holders; other small landowners who were beneficiaries of the agrarian reform; share-croppers who work on land belonging to land owners whose farms are below the ceiling imposed by the agrarian reform laws; farm labourers working on state farms and on some private farms; shepherds, fishermen, rural artisans and nomads.

The household income and expenditure surveys previously mentioned provide data on nutrition. On average the total intake of calories exceeded recommended intake by 8 per cent in 1971/72 rising to 20 per cent in 1976 in rural areas. An estimate of the rural population whose intake was less than the recommended requirements was 60 per cent in 1972, dropping to 30 per cent in 1976. However, for obvious reasons, these figures cannot be taken as indicating the proportion of households suffering from under-nutrition. Such figures are likely to be very much lower than the figures given above.

The percentage of the urban population having access to clean drinking water has now apparently reached 100 per cent. However, in rural areas the percentage is very much lower.

#### Policies and Programmes for Poverty Alleviation

Over the last three decades development programmes and policies in Iraq have undergone a number of changes in their content, objectives and comprehensiveness. The idea of development planning as an integrated set of objectives was conceived only after 1959. Attention at that stage was paid to social needs and institutional reforms. These were agrarian reform, education and health service development, laws regulating work conditions and social security, and expansion of cooperative organizations and slum clearance and housing projects. After 1968 there were the beginning of efforts towards balanced comprehensive development planning with the objective of maximising economic growth rates and ensuring equitable distribution of income amongst all citizens.

The National Development Plan for 1976-80 continued such strategies. It also aimed at deepening socialist transformation of the economy; this included:

1. expansion of the state farms, collectives and cooperatives in agriculture.
2. control of internal and external trade.
3. consolidating the public sector and industry and the coordination of the private sector.
4. giving special consideration to service projects allocated to governorates and rural areas, such as housing, water supply and electricity projects in order to eliminate over time the disparity between urban and rural areas.

Several agricultural projects having elements of integrated rural development within them have been established in various parts of the country. The Greater Mussayib project was one of the original settlement projects; about 3,000 families each holding 14-16 hectares, are involved, most of them belonging to cooperatives. Another settlement project is the Al-Khalis project which involves reclamation of 125,000 hectares. The number of prospective beneficiaries is 9,500 families; the total area involved is 184,000 hectares. A criticism of these integrated rural development projects is that they suffer from fragmented organization and management and lack of coordination between and within the ministries concerned. They also suffer from lack of systematic monitoring and evaluation of performance.

At the national level programmes have been adopted and implemented by the specialized agencies of the Ministry of Agriculture and Agrarian Reform, as well as other state organizations, for the provision of agricultural inputs and services to small farmers and cooperatives at subsidised prices. In 1983 free pest-control services were provided to more than 1.8 million hectares of farming land. Necessary machinery and implements have been provided from the agricultural machinery stations at reduced hiring charges. The amount of credit granted by the Agricultural Cooperative Bank reached 42 million Iraqi dinars in 1984.

There are indications that low prices of certain agricultural commodities have acted as disincentives to farmers, in relation to the expansion of acreage or the introduction of more intensive cropping methods. Efforts have therefore been exerted towards the development of price and marketing policies to induce farmers to produce more agricultural output required in accordance with the agricultural plan and in the light of the indicators of the National Development Plan. This involves measures for the stabilisation of agricultural prices, ensuring better distribution of farm incomes and the reduction of disparities between incomes derived from agriculture and those derived elsewhere in the economy.

Table 9. Iraq: National Income (In millions Iraqi Dinars at 1969 prices)

	1965	1970	1975	1978
Agriculture	168.7	190.3	163.5	175.4
Mining	314.9	319.9	515.4	663.6
Manufacturing	76.4	117.9	182.4	325.6
Construction	33.6	38.9	69.1	262.3
Electricity, gas, water	13.2	12.7	23.4	44.1

(Cont'd)

Table 9. (Cont'd)

	1965	1970	1975	1978
Transport, communication	64.1	69.4	122.9	N.S.A.
Trade, finance	87.4	112.4	179.8	N.S.A.
Public Services	98.0	124.1	310.0	N.S.A.
Others services	99.2	134.6	207.9	831.0
GDP at factor cost	955.5	1,120.2	1,774.4	2,302.0
Net indirect taxes	50.9	79.5	22.9	154.5
GDP at market prices	1,006.4	1,199.7	1,797.3	2,456.5
Factor payments to abroad (net)	-137.7	-155.1	-68.6	-60.8
GNP	868.7	1,044.6	1,728.7	2,395.7

N.S.A. = not separately available.

Source: World Bank (1983).

Table 10. Iraq: Distribution of Land Holdings in 1982

Holding Size (hectare)	No. of holdings	Holdings per cent	Area Percent
< 2.5	157,050	23.0	2.8
2.5 - 30	492,300	72.1	66.7
30 - 75	28,300	4.1	16.7
> 75	<u>5,214</u>	<u>0.8</u>	<u>13.8</u>
	<u>682,864</u>	<u>100.0</u>	<u>100.0</u>

Source: Data extracted from Central Report of the Ninth Regional Conference of the Arab Baath Socialist Party. June, 1982, Baghdad. See Alwan (1985) p. 31.

Table 11. Iraq: Distribution of Rural Household Expenditure

Per cent of population	per cent of expenditure		
	1971/2	1976	1979
Bottom quintile	12.5	11.7	12.8
Second quintile	16.8	15.5	16.0
Third quintile	19.6	19.0	18.3
Fourth quintile	22.7	22.6	22.3
Top quintile	<u>28.4</u>	<u>31.2</u>	<u>30.6</u>
	100.0	100.0	100.0

Source: M.H. Bakir The Development of the Level of Living in Iraq.  
 Unpublished Ph.D. thesis, University of Leeds 1979. See Alwan (1985)  
 p. 55.

#### JORDAN

##### Agriculture in the Economy

Over the period 1970-1982 the annual growth in overall GDP was 9.3 per cent. However, population growth over this period was at the rate of 2.5 per cent per annum, so the GDP per capita grew at approximately 6.8 per cent per annum. The growth performance was largely due to expansion of the mining sector and to the boom in construction activity, fed by the inflow of migrant workers' remittances. Consumption was able to be greatly in excess of GDP because of the remittances from abroad and because of aid, particularly Arab aid. There has been a high rate of investment and over the period 1976-1980 gross fixed investment was about one third of GDP. The growth of agricultural output, however, has been disappointing. Over the period 1970-1982 agricultural GDP grew at the rate of only 0.2 per cent per annum. In relation to the 2.5 per cent growth of population this is clearly a negative rate of growth per capita. Thus agriculture, which formed about 14.6 per cent of GDP in 1972, by 1980 only formed 7.7 per cent.

Domestic exports have grown over the period 1975-1980 at an average rate of 22 per cent per annum. They are characterised by concentration of both products and destination. Phosphate accounts for 42 per cent of total exports, and the neighbouring Arab states receive 70 per cent of Jordans exports. Imports still exceed exports and the large trade deficit remains a heavy burden. Imported food provides approximately 75 per cent of the population's calorie requirements, there is self-sufficiency only in grapes, citrus, olives, tomatoes, egg plants and eggs.

According to the 1984 World Development Report the share of agricultural labour force in the total labour force declined from about 44 per cent in 1960 to 20 per cent in 1980, and is still declining. According to the Manpower Survey in 1982/83 the proportion of the labour force in the age group 15-34 years was only about 2.9 per cent. Clearly, the agricultural labour force is an aging one. However, the figures for the labour force must be treated with caution. There are an unknown number of part-time farmers which are not included in the labour force figures; there are unpaid family workers, especially women, who may be under-enumerated, and there are a number of farms worked by occasional workers, mostly non-Jordanians.

#### The Resource Base

In 1979 Jordan's population on the East bank was 2.13 millions. Approximately 42 per cent of this population is considered rural. About 52 per cent of the Jordanian population is less than 15 years old. The crude birthrate is 41 per 1000; due to a higher rate of infant mortality in rural areas and to out-migration, rural population growth is lower than the national average. The average size of rural families is approximately 6.7 as against the national average of 6.4.

Out of the total of 530,000 hectares suitable for cultivation approximately 38,600 hectares are irrigated. A combination of irregular rainfall, steep slopes and population pressure has generated over a long time a considerable loss of soil resources. In the highland area of the country the cultivated area, mainly in wheat and barley, has declined dramatically, mostly as a result of the five successive droughts. In the Jordan Valley, the completion of the irrigation networks has resulted in a change of land use. Before 1960 the prevalent crops were subsistence field crops; since 1977 most of the cultivated area is in vegetables and fruit trees; crop intensity has also increased. The rest of the agricultural area, except for the forest zones, is used by semi-nomadic people. Available figures indicate an increase in the number of animals instead of the decrease expected as a result of the successive droughts.

#### Agrarian System and Rural Development

There is no specialised institution for rural development in Jordan. Several ministries are concerned with rural development, however. The Higher Agricultural Council formulates general agricultural policy and coordinates the different institutions. The Jordan Valley Authority is in charge of the development of the Jordan valley and the Southern Ghors, the Jordan Cooperative Association is responsible for the promotion of the cooperative movement; this movement has spread throughout the whole country.

The figures on the number and size of holdings are not wholly reliable. However, there appears to be a highly skewed distribution of farm size. It appears that the top 25 per cent of holdings occupy about 75 per cent of the area. There is the problem of multiplication of holdings by successive division through inheritance. Owner operation is prevalent in rain-fed areas, while either renting on a shared or fixed rental basis still dominate in the

Jordan Valley. The relationship between landlords and tenants is not regulated and the terms of sharecropping agreements follow various patterns. In the traditional 50:50 system inputs and outputs are equally shared between landlord and tenant, labour costs being paid by the share-cropper. However, there are 60:40 and 67:33 shares also. In 1976 about 78 per cent of the cultivated land was privately owned.

In the Jordan Valley there has been redistribution of land following the completion of the irrigation works on the basis of expropriation with compensation. The 1977 Agrarian Reform Law provided for a minimum of 40 dunums and a maximum of 200 dunums.

The labour force is characterised by a high level of education in general. Only about 19 per cent of the male labour force and about 11 per cent of the female labour force were illiterate as per the Manpower survey of 1982/3. However, in agriculture 62 per cent of the males and 82 per cent of the females were illiterate. There is a shortage of both skilled and unskilled workers in the labour market because of the high rate of out-migration to the oil producing states. This has attracted a large number of foreign workers into Jordan. According to ILO (1983) about 130,000 foreign workers were working in Jordan whilst about 305,000 Jordanians were working abroad.

As regards agricultural inputs, most fertilizers, pesticides, insecticides and selected seeds are used in the Jordan Valley, available through the cooperatives. There is no reliable information about the use of inputs, but very little fertilizer etc. is used in the rain-fed areas. Experimental trials show that wheat yields may be greatly improved with adequate technical packages. However, production remains highly sensitive to rainfall variations; according to US AID large farmers adopting new technology would have probably incurred losses in one year in two in Irbid, and one year in four in Amman and Karak. Even with improved technology, however, many small sized farms would not be able to generate a sufficient income for the average family. There are no accurate data on productivity of the livestock sector, but it is reported to be low, partly due to the degradation of range by over-grazing during the past decades.

In the 1976-80 Development Plan, only about 10 per cent of investment was actually disbursed in agriculture, instead of the 17.9 per cent planned. Most of this public investment was devoted to water and irrigation. For the 1981-85 Development Plan, only 7.5 per cent of investments are to be allocated to agriculture.

As far as the marketing system is concerned, there are both private and public channels. Marketing in the public sector is possible during the two months following harvest. Since 1980 there have been support prices in the post-harvest period when prices are usually depressed. Fruit and vegetables are marketed in local markets on an individual basis or through the Jordan Valley Farmers Association.

### Dimensions of Rural Poverty

According to FAO (1984) about 17 per cent of the rural population are in absolute poverty while the WCAARD Follow-up Mission, FAO (1981) concluded that about 25 per cent of the rural population are in poverty.

Data from the Family Expenditure Survey of 1980 indicates that 32 per cent of the households surveyed had a total expenditure below Jordanian Dinar (JD) 1500 per year (Table 13). In this group of households the average yearly expenditure per head was JD 174; this figure would be below a poverty line of JD 150 at 1978 prices, equivalent to 190 at 1980 prices, as proposed by Dajani. Given the structure of rural employment, there is evidence that the majority of the poor are found in services rather than in agriculture (Table 14). It is estimated that in the Jordan valley 30 per cent of the farm workers and 25 per cent of the tenants and 15 per cent of the land owning farmers had incomes below the poverty line in 1978, assuming an average family size of 5.2 persons.

It appears that factors associated with rural poverty are: insufficient access to land and credit, a high incidence of illiteracy and large family size. As far as health is concerned, various studies report a high incidence of intestinal diseases, associated with inadequacy of clean drinking water. Other basic services are also lacking in many small villages. As is usual in developing countries, there is a marked urban/rural disparity; according to the previously mentioned Manpower Survey, only about 22 per cent of urban families have an expenditure of less than JD 1500 per year. The average expenditure on food per head in rural areas was JD 146.6 against JD 178.1 in urban areas. The former represented a 45 per cent share in total expenditure, as against 40 per cent in urban areas.

Illiteracy has been vigorously tackled over the last 20 years and has almost been eliminated amongst the younger age groups and the gap between urban and rural areas has been gradually narrowed.

The development of irrigated agriculture in the Jordan Valley and the expansion of Amman with its large increase in employment opportunities and demand for food has led to increasing disparities in regional development. In the Jordan Valley, with cucumbers under plastic houses or irrigation, very high returns per hectare can be obtained, whereas in the highlands many crops would provide negative returns if all the work was done by hired labour. Within rural areas, a study by ECWA (1983) indicates the large disparities in income distribution. The income of households in the top decile was about 10 times that of the lowest decile. The lowest 40 per cent of rural households accounted for only 18 per cent of expenditure, while the top 20 per cent accounted for 45 per cent of total expenditure. Much of this unequal distribution in agriculture arises from the unequal distribution of holdings, which we have already noted. Another contributing factor is access to water through private ownership of wells and water rights. In addition, the supposed equal distribution of benefits from sharecropping systems may not eventuate when the sharecropper does not have equal access to credit and is largely or totally dependent on the landlord for provision of inputs.

In the rain-fed areas population pressure has led to successive divisions of holdings. Many small farmers have sold their land to large farmers and become landless labourers. It is thought that the presence of large numbers of unskilled farm workers in agriculture and services depresses wage levels below what they would otherwise be.

### Policies, Programmes and Projects for Rural Poverty Alleviation

Over the last two decades policies have been oriented towards high investments in the irrigated sector and little investment in the rain-fed sector. This has led to widening disparities between the two parts of agriculture. The 1981-85 Development Plan recognizes these problems and calls for the reduction of disparities amongst the various segments of the population in order to achieve a more equitable distribution of income. As regards the agricultural and rural sectors, the objectives include increases in agricultural output in both the rain-fed and irrigated areas; adopting regional and local government planning; projects in the rural areas, to provide appropriate training for low income groups; and emphasizing peoples' participation, especially for women.

Agriculture and related activities have been exempted from all income tax since the Income Tax Law of 1982. Agricultural inputs and machinery are exempt from import duties and taxes on land transfer have been abolished in order to facilitate land consolidation. There is a subsidy on water charges and on fuel, and loans are provided through institutional credit at low rates of interest. As regards prices, these are controlled through the Ministry of Supply which intervenes in the market through direct imports of wheat and meat, having a monopoly position for procurement and distribution. Fruit and vegetable farm gate prices and marketing margins are also controlled.

Land redistribution has already been carried out in the northern Jordan Valley and it is intended to extend it to the Southern Ghors following the completion of the new irrigation works.

An agricultural research programme is planned to develop irrigated agriculture with an emphasis on the elimination of pests and disease, rain-fed agriculture with an emphasis on the adaptation of highly yielding and drought resistant varieties and the livestock sub-sector, with emphasis on animal productivity through breeding and improved nutrition. Cooperatives are given a central role in the development of the rain-fed areas, with responsibility for agricultural machinery and rangeland projects.

It is intended to extend the number of primary health care units in rural areas and to adapt educational curricula to labour market requirements through development of vocational education in the secondary schools.

A criticism of some projects such as the World Food Programme-assisted range management project is that the poor are helped in the short-run, but they have no long-term commitment to range rehabilitation and the project, if successful, would benefit mainly the better-off farmers.



Conclusions and Recommendations

Within agriculture poverty is linked with low productivity, the imbalance of capital investment and the unequal distribution of land. Because much of the increased output of the irrigated sector depends on uncertain export opportunities for off-season vegetable marketing it is considered that further extension of irrigated production would benefit neither poor farmers and wage workers nor the national economy.

Income in the services sector, both public and private, is very dependent on external resources such as workers' remittances and Arab aid. Those who have moved from agriculture to services, especially the young, would be very vulnerable to any regional recession. It is recommended that there be a structural readjustment of holdings with a view to encouraging young people into farming and the readjustment of production priorities on the basis of inter-regional complementarities.

Table 12. Jordan: Industrial Origin of GDP (In Million Dinars at 1975 prices)

	1972	1975	1976	1976	1978	1979	1980
Agriculture	33.5	26.0	29.1	29.3	33.7	25.9	30.9
Industry, Total	50.2	66.0	81.1	85.3	104.2	133.0	155.8
Mining	8.5	16.3	20.6	21.4	28.1	34.2	47.3
Manufacturing	25.6	30.5	38.6	39.4	46.6	53.4	7.5
Electricity/Water	1.9	3.1	3.2	3.9	4.7	6.2	7.5
Construction	14.2	16.1	18.7	20.6	24.8	39.2	40.0
Services, Total;	189.3	182.2	206.9	203.5	223.7	251.5	265.8
Government Services	0.0	65.2	73.3	66.1	69.5	82.8	89.9
Other Services	0.0	118.0	133.6	137.4	154.2	168.7	175.9
Bank Serv. Charges	0.0	-2.9	-2.7	-2.8	-8.5	-10.0	-10.9
GDP at Factor Cost	271.0	272.3	314.4	315.3	315.1	400.4	441.6
Net Indirect Taxes	36.2	9.2	37.6	57.6	56.3	53.8	61.8
GDP at Market Prices	307.2	281.5	352.0	372.9	409.4	454.2	503.4
Deflators:							
Agriculture	79.4	100.0	128.2	142.3	173.9	168.3	189.3
Industry	60.2	100.0	122.6	136.1	132.0	137.6	144.8
Services	67.3	100.0	110.1	124.0	145.0	166.0	187.6
GDP	67.4	100.0	115.0	129.0	143.9	156.8	172.6

Source: World Bank (1983a).

Table 13. Jordan: 1980 distribution of rural household by expenditure groups

Expenditure groups	Number of Households	Percent %	Cumulative Percent %
Less than 250	-	-	-
251 - 500	3	1.1	1.1
501 - 750	3	2.8	3.9
751 - 1000	25	8.9	12.8
1001 - 1500	55	19.5	32.3
1501 - 2000	59	20.9	53.2
2001 - 3000	61	21.6	74.8
3001 - 5000	42	14.9	89.7
5001 - 7500	17	6.0	95.7
7501 and more	12	4.3	100.0
Total	282	100.0	-

Source: ECWA, Data on National household income and expenditure survey in Arab Countries, 1983.

Table 14. Jordan: Distribution of low income rural employment

	Percentage employment	Percentage in each sector that is low paid*	Percentage of total low paid workers*
Agriculture	16.4	75.3	19.2
Mining	1.8	42.3	1.2
Manufacturing	2.9	54.7	2.5
Utilities	0.3	69.6	0.3
Construction	8.5	50.3	6.7
Trade	4.6	57.7	4.2
Transport	6.4	32.7	3.3
Financial	0.6	36.7	0.3
Services	58.4	68.4	62.3
Total	100.0		100.0

\* Less than JD 100 per month.

Source: Derived from Department of Statistics, Manpower Survey, 1982/1983.

## SYRIA

### Agriculture in the Economy

Total GDP growth over the period 1977-1982 was 8.8 per cent per annum. Population growth over the same period was 3.5 per cent per annum so that growth in GDP per capita was approximately 5.3 per cent per annum. GNP per capita growth over the period 1960-1982 was 4 per cent per annum.

The World Development Report of 1984 has no data on growth in agricultural GDP; however, according to El-Zoobi (1984) average annual growth of agricultural GDP over the period 1970-1978 was 7.2 per cent. In 1981 agriculture provided approximately 19 per cent of total GDP. According to the World Development Report the index of food production per capita in 1982/1983 was 168 with a base of 100 for 1969-1971. The statement by El-Zoobi that food supplies per head have increased by 4 per cent per year in 1970-1977 is approximately consistent with the World Bank figures.

Agricultural exports, chiefly cotton, are important foreign exchange earners for Syria. These were about 24 per cent of total export value. Other agricultural exports include tobacco, fruits, vegetables, wool and hides.

The size of the agricultural labour force is increasing in absolute numbers. The World Development Report shows agriculture as having 54 per cent of the total labour force in 1960, falling to 33 per cent in 1980. However, the latter figure is inconsistent with that of 54 per cent for 1979-1980 given in El-Zoobi (1984).

### The Resource Base

According to the World Development Report the rural population formed about 63 per cent of the total population in 1960, declining to about 51 per cent in 1982. However, the absolute size of rural population increased probably about 2.6 per cent per annum over this period as compared to the 3.5 per cent per annum for the total population.

There are about 5.7 million hectares under cultivation, of which about 1/10th is irrigated. The bulk of the rest of the land in Syria is either in steppe and pasture land or is in mountain areas. In the rain-fed areas the most important crops are wheat, barley, lentils, olives, perennial fruit crops and water melon. In the irrigated areas the major crops are cotton, vegetables, perennial fruit crops and wheat.

The livestock population includes about 10 million sheep and goats, mostly owned by the nomadic population in the steppe and pasture lands; there are also 0.75 million cattle.

### Agrarian System and Rural Development

The Higher Agricultural Council is responsible for overall planning and price fixing in agriculture. The Council is chaired by the Prime Minister, and, as well as the Minister for Agriculture and Agrarian Reform and in addition to Ministers

for departments indirectly concerned with agriculture, there are representatives from the ruling party and from the General Union of Peasants. There are similar Councils at governorate, district and village levels.

There have been a series of Agrarian Reform Laws since 1958, involving expropriation, compensation and redistribution. Ceilings on land ownership have been progressively lowered. It was compulsory for beneficiaries of the Agrarian Reform to become members of some sort of cooperative. There are a small number of state farms but about 58 per cent of irrigated land and 77 per cent of the rain-fed land is still privately owned.

The size of the farm allocated from the expropriated lands and also from state domain lands is about 9 to 11 hectares per family. The reform probably reduced the proportion of large holdings, i.e. of more than 100 hectares, from about 50 per cent of the land area to about 18 per cent in 1970. About 64 per cent of all small holdings, according to the 1970 Agricultural Census, were less than 6 hectares. In addition, there is a severe problem of fragmentation, even of small holdings.

Minimum wage rates are set for agricultural workers for each farming operation and for each governorate. Wage rates in agriculture are much lower than those in urban areas and, no doubt, contribute to the high migration rates from rural to urban areas. There is, however, little information on external migration, for example, to the Gulf States.

The Agricultural Cooperative Bank is an official agency responsible for providing credit to agriculture. The amount that it provides to any farmer is determined by cost of production studies carried out by the Ministry of Agriculture. Loans are both cash and in-kind. Interest rates are low and cooperatives are charged even lower rates. Credit is also provided by merchants and processors.

There are a number of institutions and agencies established to generate and diffuse new technology in agriculture. These include the seed improvement programme, experimental farms, extension services, the Peasants Union, and the tractor plants. The licensing programme for agricultural production however shifts most of the control over the adoption of new technology away from the individual farmer to the cooperatives and the national planning process. Imports continue to be the major source for most modern inputs, such as tractors and other machinery and fertilizer.

The Five Year Development Plan 1976-1980 allocated about 21 per cent of investment to agriculture. By far the largest amount was for the dam on the Euphrates. In the Five Year Development Plan 1981-1985 about 17 per cent was allocated to agriculture. Most of the planned investment is in the public sector.

There is a two-tier price system in Syria. One is a system of fixed prices determined by cost of production, production targets and world prices. The other is a semi-free market for internal consumption, mostly of fresh fruit and vegetables, poultry and dairy products. The plan for each governorate provides for crop production licenses based on predetermined crop rotations. The government purchases the major crops at the prices established

by the Higher Agricultural Council. Consumer prices are controlled and there are ration cards for sugar, rice and cotton seed oil; bread and flour are sold at subsidised prices. The aim is to effect a gradual substitution of cooperative marketing and marketing by specialized government agencies for private traders.

#### Dimensions of Rural Poverty

There is no official definition of a poverty line in Syria. El-Zoobi (1984), however, gives a figure of 54 per cent for rural poverty incidence. It is thought that the following are likely to live in poverty: small owner-operators, agrarian reform beneficiaries, landless workers, tenants on temporarily leased state land, share croppers, fishermen, shepherd and nomads.

#### Policies, Programmes and Projects for Rural Poverty Alleviation

The objectives for poverty alleviation include the following components: agricultural production growth; income redistribution in favour of the rural poor, including agrarian reform; improvement of marketing and pricing systems in favour of producers; decentralization of government; rural peoples' participation in the process of development; expansion of employment opportunities and improving the quality of life in rural areas in respect to nutrition and social infrastructure.

Multipurpose agricultural cooperatives have been established for the land reform beneficiaries, which provide their members with production requisites and credit and assist them in marketing. Farming activities are carried out cooperatively, but each household has a certain amount of land for its own use.

There has been, apparently, a shift in emphasis in the Five Year Development Plan 1981-1985 towards the traditional rain-fed areas. There is an extension service in each governorate which carries out its activities at field level. There is also a small number of rural development centres concerned with extension, health and literacy courses. There are large disparities in the provision of public services between urban and rural areas. In 1982 only about 11 per cent of houses in rural areas had access to piped water.

Even though the food balance sheet for Syria in 1978 indicates an adequate average per capita consumption of the major nutrients, there are a number of studies which indicate a certain degree of under-nutrition in rural areas. According to a survey in 1979, about 20 per cent of the children up to 6 years old suffered some degree of malnutrition.

Despite the dramatic increases in rates of enrolment in primary and secondary schools over the last decade, illiteracy, especially among women, is still a major problem. There are still high proportions of villages without schools of any kind. Similar problems are encountered with the distribution of hospitals and primary health centres in rural areas.

Cooperatives are being established in many parts of the steppe in order to establish some control over grazing and to prevent the problem of over-grazing. Nomads, officially, no longer have a special status under the law

and are being treated as full citizens with rights and obligations equal to the rest of the population. Nomads are being encouraged to settle so that they can partake fully in the provision of social services.

Table 15. Syria: National income (in millions Syrian pounds at 1975 prices)

	<u>1970</u>	<u>1975</u>	<u>1978</u>	<u>1980</u>
Agriculture	2203.0	3705.0	4421.0	5490.0
Mining, manufacturing, electricity, gas, water	2129.0	4174.0	4469.0	4875.0
Construction	502.0	960.0	1589.0	1813.0
Transport, communications	1640.0	2407.0	1735.0	2130.0
Trade, finance	3405.0	6084.0	7525.0	8515.0
Public services	858.9	3083.0	3424.0	4152.0
Other services	184.0	298.0	571.0	698.0
GDP at factor cost	10921.0	20711.0	23734.0	27673.0
Net indirect taxes	-	-	-	-
GDP at market prices	10921.0	20711.0	23734.0	27673.0
Factor payments to abroad (net)	150.0	254.0	377.0	236.0
GNP	11071.0	20965.0	24111.0	27909.0

Source: World Bank (1983).

Table 16. Syria: Size of agricultural labour force 1960-1980  
( '000)

Year	National Labour Force			Agricultural Labour Force			Percentage of National Labour Force
	Male	Female	Total	Male	Female	Total	
1960	874	90	964	454	46	500	52.0
1970	1,311	157	1,468	641	107	748	50.9
1975	1,410	384	1,794	603	313	916	51.0
1979-80	1,831	342	2,173	927	245	1,172	53.0

Source: - Population Census, 1960.  
- Population Census, 1970.  
- Statistical Bulletin of the Ministry of Labour and Social Affairs, 1976.  
- Statistical Abstract, 1981.



## THE PEOPLES DEMOCRATIC REPUBLIC OF YEMEN

### Agriculture in the Economy

Population growth over the period 1970-1982 was approximately 2.2 per cent per annum. GNP through the period 1960-1982 grew rapidly, so that per capita growth over that period was 6.4 per cent per annum. However, agriculture has not participated in that growth. Agricultural production has stagnated (Table 17). With the 1969-1971 base as 100, food production per head in 1980-1982 was only 92. In 1982 agriculture's contribution had fallen to 12 per cent of total GDP.

The labour force in agriculture, though increasing in absolute numbers, formed only 45 per cent of the labour force in 1980, compared to approximately 70 per cent in 1960. The country, therefore, continues to rely heavily on imported foods which are approximately one third of the value of GDP.

### The Resource Base

The total population at the last census of 1973 was approximately 1.6 million. Approximately 57 per cent of the population lived in rural areas, and there were an additional 10 per cent recorded as nomads. Almost half the population was under 15 years of age.

The climate in the country is in general hot and arid in the coastal area, becoming semi-arid further in-land over the middle and high-altitude areas. Rainfall is low and highly variable.

Over the 83.5 million acres of the country only about 0.6 million acres are cultivable. Out of this area, arable land is about 0.5 million acres. The great majority of the land area of the country is either range land, forest scrub and savannah or barren agricultural land.

### Agricultural System and Rural Development

There is no specific institution responsible for rural development but there are a number of sectoral institutions concerned with rural development. These include the Ministries of Agriculture, Local Government, Education, Health, Culture and Information. The major role is played by the Ministry of Agriculture and Agrarian Reform.

There are a number of state farms, mostly established in irrigated areas. They provide employment for about 3000 people, which is only about 1.5 per cent of the total agricultural work force. The economic performance of the state farms has been poor.

There are, in addition, two types of agricultural cooperatives. The first is the production service cooperative in which members collectively cultivate the land and share costs and returns. The second type is the service cooperative in which each member farms his own land and cultivates individually, while the cooperative provides him with inputs and services. The cooperatives occupy the bulk of the cropped land; about 23 per cent of the

cropped land is under state farms and only about 12 per cent is under individual owner occupation. A network of machine renting stations has been established for use by cooperatives, state farms and individuals farmers on a hire basis. There have been problems of maintenance due to lack of spare parts and lack of qualified personnel. Rental charges are well below economic cost. The provision of fertilizers, pesticides, imported seeds, etc. is the responsibility of the Public Corporation for Agricultural Services. Credit is provided solely by the National Bank of Yemen. The Bank has a conservative lending policy, lending only to those who are considered sound. A large number of cooperatives have not been considered credit-worthy in the past.

Improved seed and plant propagation programmes have been adopted for potatoes, wheat, tomatoes and cotton. However, according to the statistics over the period 1975-1983, yields of cotton, sesame, wheat, coarse grains and fodder do not appear to have increased significantly; in some cases yields seem to have declined.

Animal production takes place in the settled agricultural areas and on state dairy farms and in the nomadic areas. Little information is available on the number of animals held by the nomadic population.

The proportion of public investment in successive development plans devoted to agriculture has declined. In 1983 only about 15 per cent of investment was allocated to agriculture. Most of this investment was for irrigation. The marketing of fruit and vegetables is carried out by a public corporation, and the marketing of cereals and cotton is a responsibility of the National Trading Company. However, there is a certain amount of direct marketing by cooperatives and individuals.

Prices are largely controlled by the government. In the past prices for many agricultural commodities have been fixed too low. Together with taxation, estimated to be as high as 25 per cent by Beshai (1984), this has not encouraged production and has depressed the incomes of poor farmers.

#### Dimensions of Rural Poverty

There is no official poverty line and no data on the extent of poverty although it accepted that it is a major problem in the country. A figure of 20 per cent incidence of rural poverty is given in FAO (1984). The source of this figure is unknown.

#### Policies, Programmes and Projects for Rural Poverty Alleviation

Agrarian reform and the elimination of insecurity of tenure has been the spearhead of efforts to reduce rural poverty. The scatter of rural people over widely dispersed areas has made it difficult to provide basic social services to the rural population. Free compulsory education for the first 8 years is a declared policy of the government. The overall literacy rate in 1981 was 40 per cent; a great improvement from the time of independence, when the rate was about 5 per cent. There are serious health problems and much of the population is affected by parasitic diseases and under-nutrition. The aim is to expand health care facilities, especially in the remote rural areas.

Public water supply systems are provided to only about half of the rural population. The rest live in scattered places that are not large enough to warrant the installation of public water supply.

Apart from the investment in irrigation a number of projects are planned for 1985. These include wadi developments, agricultural service projects, research and extension, rural roads and the bedouin development programme.

#### Conclusions and Recommendations

More investment should be allocated to the rural areas to develop agricultural production and to increase the accessibility of basic services in education, health, water supply, housing, electricity and rural roads. The participation of the rural population in the development process should be encouraged. Special development programmes are required for disadvantaged groups in rural areas such as the nomads, mountain farmers and fishermen. Pasture development should be under cooperative management, to avoid overgrazing and environmental degradation.

Table 17. P.D.R.Y.: Gross domestic product at constant market prices 1975-1980

	1975	1976	1977	1978	1979	1980
Agriculture (YD millions)	14.8	14.4	14.2	13.1	14.5	14.6
Total GDP (YD millions)	103.5	123.8	148.5	150.5	164.3	175.0
Agric. GDP as percentage of total GDP	14.3	11.6	9.6	8.7	8.8	8.3

Source: Central Statistics Organization.

Table 18. P.D.R.Y.: Labour force distribution by economic activities  
(000's)

	1973	1975	1980	1983
Agriculture and Fisheries	164	176	204	206.7
Industry	21	28	46.1	52.0
Construction	17	22	32.4	41.5
Transport, Communications and Storage	17	22	27.1	31.1
Trade, Catering and Restaurants	29	30	39	44.7
Finance, Insurance, Estates and Other Services	68	78	86.3	101.0
Total	318	355	439.9	477

Source: Ministry of Planning.

## CHAPTER VI

### CONCLUSIONS

It is not possible to make broad generalizations about the countries in the Near East because of differences in population size, land resources and other natural resources, especially the presence or absence of oil, and because of differences in political and social structures. However, it is possible to indicate general tendencies which a number of the countries in the region exhibit and which have been partly illustrated by the case studies examined above.

Over the last decade or so, with only a few exceptions, agricultural production growth has been low, and when related to population growth, growth in agricultural output per head has in many cases been very low indeed or even negative. In many cases there has been increasing reliance on imported food, leading to balance of payment problems which have had to be financed by concessional aid or remittances from emigrant workers in the Gulf States. Such a poor record in agricultural growth performance has often taken place side by side with outstanding growth of the other sectors of the economy. The incidence of rural poverty has remained a serious problem in some countries and has probably increased in severity in a number of others.

The full impact of the recent world economic recession on the economic performance of the non-oil producing countries may not yet have been felt. Any slow-down in economic growth of these countries will make it that much harder to amount and expand poverty alleviation programmes. However, the poor growth performance in agricultural production of many of these countries is more the result of their agricultural policies than of recent world economic events.

In countries that have had little or no land reform there is usually unequal distribution of land holdings and fragmentation; even in countries where there has been land reform problems of small and fragmented holdings often still remain. In countries that have decided on a large amount of government intervention and control in agriculture, problems of poor growth and continuation of poverty can be traced to rigid production planning, price distortions, inefficient state farms absorbing more than their share of public investment and a lack of incentives for individual farmers to produce more.

In both capitalist and socialist systems of agriculture, there have usually been lack of credit, especially for the smaller farmers, insufficient investment in agriculture and a lack of appropriate technology for the large areas and populations in rain-fed agriculture. In spite of apparently adequate overall supplies of food per head or each country, there are often large proportions of the population who suffer from some degree of malnutrition. There are also serious problems of health, especially in rural areas. There is a lack of basic literacy and numeracy which is usually more serious among females in the rural populations. For most countries in the region literacy and expectation of life is below what would be expected for the level of per capita GNP.

It has been argued that the focus of attention should be on the alleviation of absolute poverty without losing sight of the problem of inequalities in the distribution of income. It has also been argued that alleviating absolute poverty is probably the most efficient way of helping to solve the inequality problem.

The basic needs of the poor fall into two groups, even though there may be some overlap between them. The first group is concerned with food, shelter, clothing and miscellaneous necessities which, in most countries, are considered the responsibility of the individual family to provide. The second group covers such basic needs as education and primary health care. The poor in these countries are normally deprived in both areas. An overall policy of poverty alleviation should embrace a two pronged attack. The first prong of such an attack should ensure that individual households can provide for themselves the means to produce, or the incomes to purchase, the basic items in the first group. The second prong concerns the basic needs in the second group. These being essentially in the nature of public goods, they are most efficiently provided by the government itself.

Clearly, economic growth is required for the provision of basic needs in both areas. There is a two way relationship between economic growth and poverty alleviation. Even though growth itself is required for the alleviation of poverty, in the process of alleviating poverty and making individuals more healthy, more educated and more productive, this will have a feedback into the growth process as well. This is because the employment opportunities and earning power of many of the poor are limited by sickness, lack of adequate nutrition and lack of education. Better health and nutrition may allow the poor to work more days in the year and increase their effectiveness while at work. Also, the amount of schooling has been shown to have an effect on the rate of adoption of new technology by small farmers.

Bearing these general points in mind, then, what basic options are open to governments to alleviate poverty in their particular countries?

As essential precondition to mounting policies and programmes for poverty alleviation is to remedy the lack of information about the magnitude of the problem in the country concerned. There is still a lack of information about the number of people involved and their characteristics; there is still controversy, even in countries where a lot of work has already been done, concerning such basic facts as the trends in the incomes of the poor. Household surveys of large numbers of the population are essential to remedy such a lack of data. Surveys must also attempt in-depth analyses to distinguish the causes of poverty which vary within as well as between countries; as we have seen even in one region of a country the poor are not an homogeneous group. In some countries of the region, the poorest may not have their occupations in agriculture but in the rural services sector. Because of lack of knowledge poverty programmes have sometimes focused on the wrong groups.

Not only should the community be learning about the poor in its country, but at the same time should be allowing the poor to have a voice in the decisions that are going to have a significant impact on their lives. This implies that the poor should be incorporated into political movements and gain

a voice in political, judicial and economic institutions. In fact, this may be a very good way of ascertaining the facts about the poverty situation, from the poor themselves.

In countries where poverty can be shown to be organically linked with a highly inegalitarian distribution of productive assets, especially land, an agrarian reform would probably be an essential part of any poverty alleviation strategy. There are then broadly speaking two policy choices open. The first is a structure of small farms, mainly operated by family labour; and the second is a communal system. Both share the advantage, in comparison with a system of privately owned, medium to large farms with a large element of hired labour, that the effect of the introduction of new technology can be of direct benefit to the agricultural population. For example, whereas mechanization may lead to the displacement of hired labour so that there is a conflict between the interests of farmers adopting such technology and that of the displaced workers, on either small family farms or in a collective system, such reduction in labour requirements can result in reduction in physical effort or the release of labour for other activities. However, neither system can be considered as offering a complete panacea to problems of rural poverty. In a communal system there may be a problem of incentives and in a small farmer system still based on individual capitalist enterprise, inequalities which have been largely abolished in an agrarian reform may eventually recur.

If, because of the pressure of population on the land area available, farms in a small farm system have to be established in very small units, there may be a need for cooperative operations in, for example, mechanization to offset the dis-economies of scale in small scale farming. Cooperative organizations of small farmers may also be necessary to obtain the economies of bulk sale of commodities and purchase of inputs. Excessive fragmentation is to be avoided because of the land lost, for example, in boundaries.

Where land reform is not possible the possibility of channelling a larger proportion of new investment in the public sector towards projects and programmes of direct benefit to the poor should be explored. Such a strategy may appeal to some governments because it is a gradual one, operating at the margin and involving as little disturbance to social relations as possible. However, only a modest improvement in the incomes of the rural poor may be possible, so that the time span for bringing the bulk of the poor to a reasonable standard of living may be prolonged.

As we have already noted, international migration has been very important in the region and has, no doubt, benefited both the receiving countries and the sending countries. In the sending countries there is little doubt that migration has contributed to substantial increases in wages, including the rural sector. This has occurred largely without government action. A large proportion of remitted income may be spent on conspicuous consumption. However, a significant proportion is invested in productive assets, including agricultural land. Such investments will, of course, only help the rural poor to the extent that it is the poor households whose members become migrants and remit income.

Migration has its social and economic costs as well as its benefits. In some countries, such as Oman, Yemen Arab Republic and Jordan there is evidence that migration has adversely affected agricultural production. There is also evidence e.g. Egypt, that remittances have fuelled inflation in the sending countries. In the Gulf States the use of migrant labour may have led to sinecure employment of their nationals and to neglect of their longer term training.

It can be argued that there is a need for a regional employment policy so that the costs of migration to both sending and receiving countries are kept to a minimum and the benefits maximized.

Food subsidies are an important mechanism used by governments of the region to keep the price of essential foodstuffs as low as possible, subject to constraints on overall budgets. However, there is a danger in the food subsidy programmes being indiscriminate in helping not only the poor but also the better off. There is a need to more carefully control such programmes and target them to those most in need. We would argue that food subsidies are only a short term answer to the question of poverty. The ideal in the longer term is to adopt policies and programmes which will result in increased real incomes of the poor so that they can provide their own income for consumption needs including nutrition without subsidies or other help.

Manipulating prices of food and agricultural products in general is a policy not to be entered on lightly. As we have shown, price policy has ambiguous effects on the welfare of the poor. Apart from the short-term use of food subsidies for the poor there is much to be said for avoiding distortions in prices not only of agricultural products but also those of inputs and to avoid using price policy as the main instrument for effecting welfare improvements in the community.

Again, in the provision of basic public services such as health, education and clean drinking water, there is a need to focus on providing all the population with the essential minima of these items and not to adopt expensive, high quality programmes which by their nature may be beyond the reach of the rural poor.

As we have said, the returns to human capital development can be high in economic terms, both directly and indirectly. The impact on the health, education and nutrition of the poor is valuable in itself. But the improvement in human productivity that comes about can have a beneficial impact, not only for the poor themselves, which is the main concern, but also through "trickle-up" on overall economic growth. A combination of such policies and programmes intelligently balanced can have synergistic effects and go a very long way to reducing if not entirely eliminating the supposed trade-off between poverty alleviation and "economic growth".

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