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MINISTRY OF FINANCE, EGYPT

EGYPT  
IN THE  
POST-WAR WORLD ECONOMY

BY

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*Govt. Commissioner for Customs*

GOVERNMENT PRESS, CAIRO

1945

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« اذا لم تسترشد الأمم بهدى الله حاق بها الهلاك » من حكم سليمان

“ *Where there is no vision, the people perish.* ”

(Proverbs of Solomon)

“ *Gouverner, c'est prévoir.* ” (de Girardin)

More than any other craftsman the agriculturist has to look to the future and find his incentive in vision and his justification in faith. The fellah who sows his wheat in October or November of this year is looking forward not only to a harvest in May or June of next year, but also to a demand that will persist up to May or June of the following year. By his calling he must have vision and faith. So no excuse need be made in a gathering of agriculturists for trying to look into the future with a view to assessing the conditions in which the seeds of today will mature in the harvests of a distant, but not too distant to-morrow.

Our poet Shakespeare has asked “ If you can look into the seeds of time, and say which grain will grow and which will not, ” to which I reply that we must look into the future in even such a simple act as crossing the street. We note the various traffic. Experience has taught us that the motor car moves at one speed, the carriage at another, the handcart at another and the pedestrian at still a fourth. We note the present position of the different vehicles and use our judgement, which is based on our experience of the past, to predict where they are likely to be in respect to ourselves as we cross, and our successful crossing will depend on the accuracy with which we have been able to make this simple forecast. So it is in the affairs of life. Our experience teaches us

certain rules of life (laws we call them in science); our observation shows us the present position of affairs, and our judgement puts the two together to forecast a future state of affairs. In what follows we shall try to follow this commonsense method, which at the same time is the scientific method.\*

Let us look round and try to form a picture of the world of today, for it is from that that we must proceed to the world of tomorrow. We see a world shaken by two great wars, one in the West, the other in the East. The former is drawing to its inevitable close, a victory over the enemy who provoked it, and the latter also has reached a point whence we can begin to see the end. These wars have, amongst other effects, upset our economy in various ways. The need of men to fight and their need of munitions other than the things that we usually draw from manufacture for consumption have caused a shortage of customary goods. This has been aggravated by the need of transport for warlike purposes, so that even in cases where the goods we want have been available, we have not been able to get them for lack of the transport to bring them. For these reasons there has been a shortage of goods for consumption and the absence of some of these goods, nitrates, for example, has reacted on our own ability to produce the mere necessities of life. Moreover, Egypt, though not in the war herself till recently, has been the base for warlike operations. Consequently money has been poured into the country faster, much faster than goods could be increased for consumption. For this reason Egypt has accumulated a great balance of sterling which she has not been able to spend. As far as my calculations go the amount of this balance was somewhere in the neighbourhood of L.E. 275 millions at the end of March, but no one knows exactly and no one can know until a census can be taken of the actual holdings of the banks and of private investments in sterling securities by individuals or companies. All we are certain of is that the note-issue of L.E. 126 millions was covered as to L.E. 119 millions by sterling securities and for the rest by gold and Egyptian securities.

While on the question of money, we may look further at the world position, for that is bound to have some effect on the position of Egypt. A vital factor is the position of Great Britain, At Bretton Woods the head of the British Delegation, Lord

\* " Science is but common-sense at its best." T. H. Huxley.

Keynes, told the Conference that Great Britain by the end of 1944 would probably owe to various countries some £ 3000 millions sterling, which was known to be increasing at the rate of about £ 500 millions a year. This has all been incurred on expenditure for the war. He also gave an assurance that Britain was fully determined to pay off her liability. It is obvious, however, that these liabilities, which can be settled only by the transfer of goods and services, cannot be paid off all at once, or even very rapidly. Some plan for payment by instalment is absolutely unavoidable. The chief creditor is India, whose assets were expected to reach £ 1000 millions sterling by the end of 1944.

Now in addition to incurring that huge debt, Britain has parted with nearly all of her foreign investments (including some £ 15 millions of Egyptian debt, redeemed in 1943 and 1944). These investments used to bring the United Kingdom an estimated annual amount of £ 200 millions. A further amount of £ 200 millions was paid to Britain for shipping, banking, insurance and other services.

A sum of £ 540 millions was earned by exports. Thus the country imported in all

£ 940 millions paid for by	
Exports .. .. .	£ 540 millions
Income from Investments .. .. .	£ 200 millions
Income from Financial, etc., services ..	£ 200 millions
	<hr/>
	£ 940 millions
	<hr/>

This was in 1936-9, when there were some two million workers unemployed, with very reduced purchasing power. But after the war it is planned that there shall be no unemployed. Hence a fully employed country will want more imports and so will have to export more to pay for them.

Altogether experts in Britain have estimated that it will be necessary to increase the *volume* of exports from Britain by 50 to 60 per cent, in order to offset the losses from reduced investments, earnings from shipping, commissions on financial work and so on, and to raise the general standard of living.

The *value* of exports, at pre-war prices, would thus be brought to some £ 810 millions or even £ 865 millions.

But for reasons that will be given later, it is likely that world prices after the war will settle down to a level about 50

per cent above pre-war prices. Hence we may expect these exports to be priced at £ 1300 millions annually. Now these are all exports that must be paid for by corresponding imports of food and raw materials. There is no allowance here for exports that will go to pay off the debts to which allusion has been made.

If the total amount of these debts is £ 3500 millions, payable in 35 years with interest at 2 per cent, the annual amount to be paid back would be £ 140 million sterling. Since the payment of this sum could be made only in the form of goods and services, a certain amount of raw materials would have to be imported for working up into finished products. Probably some £ 70 millions may be taken as the value of these raw materials. In that case £ 210 millions would be the value of the total exports to repay £ 140 millions of debt and the above-mentioned imports. In all then, Great Britain will have to export goods to the huge value of £ 1500 millions in round numbers, evaluated at post-war prices. In volume this is equivalent to some 80 per cent above the exports of 1936-9.

♦ This is indeed a great task and we may well ask how far it is likely to be carried out in practice. It will be aggravated if there should be any call on Great Britain to pay for any goods obtained from the U.S.A. (in the general interest of that country and humanity as a whole) for use in the war. On the other hand, the task will be lightened should it be recognized by the Allies of the United Kingdom that this financial transaction, the provision of military supplies for all the United Nations, fell on her shoulders and that it will be only fair that they should relieve her of some of the burden. Even if that were to be done, however, the total of £ 1500 millions could hardly be reduced by more than £ 100 millions sterling a year. British high authorities are confident that it can be done, but the successful execution of the programme will require the utmost efforts on the part of Labour, Management and Capital to cooperate in increasing the efficiency of production. A corollary is that the United Kingdom will desire to obtain her raw materials as cheaply as possible, a policy which may conflict with the desire of countries of primary production to raise their own standards of living.

Moreover, the task can be carried out only if there is such a general increase of prosperity all over the world as will permit of foreign countries absorbing the extra 80 per cent of volume of exports which the United Kingdom will have to attain. Should this prosperity eventuate, Egypt, of course, will benefit from it.

We come now to a point that is not generally understood, the somewhat similar position of the United States of America. That country also has incurred very heavy liabilities in dollars, chiefly to the countries of South America, for war materials, food and so on and has also paid gold for further supplies. Both the liabilities and the gold give the creditor countries claims on the United States. These claims will take precedence over any artificial claims manufactured by loans from the U.S.A., negotiated either bilaterally through the Export-Import Bank, or as the result of the institution of the Bank for Reconstruction and Development, or the Monetary Fund, as proposed at Bretton Woods.

Thus there will be an immediate mobilization of demands for export goods from the U.S.A. which is sure to raise the price of such goods.

While the Egyptian Delegation was at Bretton Woods the possibility of a loan to the U.K. of \$ 5000 millions say £ 1,250 millions sterling, was being talked about. In the circumstances mentioned above this would not help matters much. Suppose such a loan materialized and was used by Britain to settle some of the £ 3500 millions sterling of her external debt and that Egypt obtained a share of it, amounting to some \$ 400 millions, what would happen? She would be competing in the U.S.A. market with (1) home demands, (2) demands by countries that can pay in gold or from dollar assets, and (3) demands from countries that have been able to raise a loan in dollars, including those also who had had a share in the \$ 5000 millions loan.

Such a loan, as has been remarked, would not help much to regulate the situation. It would have the effect of swelling the purchasing power in America and would thus tend to raise prices there.

### PRICES

Let us now consider what the pattern of prices is likely to be. The general price level in a country depends on the amount of purchasing power existing in that country, the velocity with which that purchasing power passes from hand to hand and the quantity of goods available for exchange. We do not know very much about the velocity of movement of purchasing power, but what we do know suggests that it does not change nearly so much as its volume.

The level of prices then depends chiefly on the volume of purchasing power.

The level of prices does not change proportionally to the volume of purchasing power. If we double the means of making purchases we do not double the prices. Some researches which the writer has conducted show that a *percentage small change in the general level of prices in Egypt is about four-fifths of a percentage small change in purchasing power*. That is to say that if purchasing power increases by say 5 per cent, the general level of prices will change by four-fifths of 5 or 4 per cent. A similar rule is nearly true for many other countries, though the ratio is not four-fifths in their case. It will be less wherever there is much effective control over prices, as there is in the United States and Britain. But this *number* will tend to rise where that control is relaxed. For the United States over the past five years, for example, it has been found that a small percentage rise in the price level is very accurately expressed by 0.27 of a small percentage increase of money in circulation.

When, however, control is relaxed after the war and much of the purchasing power which is now devoted to wasteful expenditure on munitions and fighting services is released for the purchase of consumers' goods, we must expect a much higher rate of rise in the price level.

So far as Egypt is concerned the purchasing power in the country is now about four times what it was in 1939, and prices have risen to three and a half times their prewar level. Are we to look for a fall in this general price level? In last war the level of prices rose in 1920 to 3.19 times what it was in 1913-4, and then fell rapidly. We do not know so much about the purchasing power then in the country, but the money in circulation rose from some L.E. 10 millions or L.E. 12 millions to some L.E. 75 millions. It is known that Egypt then had made some L.E. 150 millions out of the war, represented as now chiefly by sterling assets. This was augmented by the exceptionally high price at which cotton was exported in 1920-1. Then, as now, there was an enormous volume of purchasing power, most of it in a form that admitted of expenditure abroad. And indeed then, as now, this was the only form in which the purchasing power could be expended and reduced, viz. foreign purchase. Sir Bertram Hornsby, then Governor of the National Bank of Egypt, told the writer that of this profit of L.E. 150 millions roughly one-third was expended in importing food, replenishing stocks in the shops, making good depreciation in plant and importing new plant; another third was utilized to repatriate Egyptian debts held abroad;

and the balance was wasted in speculation, chiefly on foreign currencies.

How far can we expect a similar reduction of the purchasing power now in our possession? Firstly, last time shipping became available almost immediately after the Armistice, so that Egypt was able to import in 1920 and 1921 goods to the value of L.E. 32 millions in excess of visible exports. The goods, the shipping and the means of payment were there. So the goods came in. That is not the case now. As is explained in the section on imports, goods will not be available at once owing to the more complete conversion of industry to production for war, the shortage of even ordinary articles of consumption in producing countries like Britain, the United States and Canada, and the greater destruction that has taken place all over the Continent of Europe. Moreover, shipping will be required to prosecute the Eastern war, and thereafter to repatriate the demobilized troops and at the same time carry what goods there are to devastated Europe. Furthermore, though sterling currency will be abundant, the supply of dollars for purchases in America will not, and what dollars Egypt can get will have to compete with a flood of gold and dollars let loose from South America.

Thus conditions are not favourable for the reduction of purchasing power today or tomorrow by foreign purchases.

As regards repatriation of Egyptian securities, we know that no Egyptian State debts are held abroad today, and the amount of private debt is very restricted, consisting chiefly of debentures of land companies and shares in public companies like the National Bank of Egypt, and some other banks, the Water Companies, Transport Companies and so on. Probably not more than L.E. 40 millions now remain in the hands of investors abroad. Repatriation of this debt will not go far to reduce the purchasing power in existence. On the other hand, Egyptian residents may be persuaded to purchase foreign investments. This would help. As to the third means used after last war to reduce purchasing power, it is to be hoped that the orgy of wasteful speculation will not be resorted to after this war.

Thus the main prospect of a reduction of the existing volume of purchasing power lies in the prospect of being able to spend it on the purchase of foreign commodities—tangible goods and intangible services. Until that is possible there must continue to be a large volume of purchasing power and consequently high



prices in the country. Fall in the price level, however, must come as this money and credit are expended abroad, though it will be slower than in last post-war period, and it will have its chief effect on agricultural prices and through them on rents of agricultural land, an important effect that should engage the immediate attention of the Government, Parliament, Agricultural bodies and all who wish Egypt well.

In Britain what are we to expect? There too an enormous volume of actual and also potential purchasing power has been created. For example, banknotes have increased from £ 500 millions in 1939 to £ 1223 millions in March 1945. Deposits in the banks increased from £ 1256 millions in 1938 to close on £ 3000 millions in the end of 1944. This large volume of purchasing power, however, has been offset by heavy restrictive measures, so that it cannot be utilized to purchase ordinary goods.

Moreover, much of the greatly increased national income of Britain has been canalized into government loans, National Savings Certificates, Savings Bonds, Treasury Bills and other forms of loan which are readily convertible into cash. All of this means a great increase in purchasing power, actual or potential, after the war, which if released could not fail to cause prices to rise rapidly, as they did after last war. But the authorities are alive to the danger of increased prices. In order to fulfil the import programme which has been outlined a heavy export programme will be necessary. But goods cannot be exported in any quantity unless costs are kept low, i.e. unless prices are kept down. Hence the Chancellor of the Exchequer has declared a policy of the maintenance of low prices in Britain. The practical question however, is how far the Government will be able to uphold that policy vis-à-vis the pressure of existing purchasing power. Moreover, they have declared for a policy of full employment after the war, and have adopted an expensive policy of national security from want, ignorance and disease. These measures are probably all inflationary, which means that prices in Britain are likely to rise, at least for some time after the Armistices.

In the United States much the same conditions prevail. Money in circulation has increased from \$ 7.6 milliards in December, 1939 to \$ 25.2 milliards at the end of 1944 and demand deposits in banks from \$ 30 milliards to \$ 75 milliards in the same time. The weight of this purchasing power and the effective demand due to the volume of gold and dollars in the South American Republics will exercise a strong pressure on the price level.

The conclusion from all this line of argument is that prices in both of the chief commercial nations are likely to rise, but no one at present can say whether the rise in the United Kingdom will be more or less rapid than in the United States. Since, in the absence of a common standard of value, such as gold, the rate of exchange between two countries depends ultimately on the relative purchasing power of their two currencies, it follows that no person is at present in a position to say whether the rate of exchange of the pound sterling on the dollar would rise or fall from its present pegged value of \$ 4.03 to £ 1 sterling, if the tie were removed. In view of the importance of that particular rate of exchange, the monetary authorities in London and Washington will probably decide to maintain the peg for some little time and take measures accordingly, either within or outside the Bretton Woods plan for Exchange Stabilization.

This then is the most we dare say, that prices in the U.S.A. and U.K. will probably continue to rise for some time and that simultaneously prices in Egypt will fall, though but slowly, depending chiefly on the rate at which we can cash our sterling assets. This process may be expected to continue till the Egyptian price level in its fall reaches the world price level, determined by the two chief currencies, in its rise.

#### IMPORTS.

The volume of goods that Egypt is able to import will depend on three factors :

- (1) availability of the goods in the producing countries,
- (2) availability of currency with which to pay for them, and
- (3) availability of transport to carry them to our shores.

#### (1) *Availability of goods.*

The main classes of goods of which Egypt stands in need are :

- (a) food,
- (b) artificial fertilizers,
- (c) clothing materials,
- (d) pharmaceutical products,
- (e) building materials,
- (f) transport goods, and
- (g) machinery of various kinds.

(a). *Food.*—There is a general shortage of food all over the world, except possibly in Argentina. And on the other hand requirements have increased, chiefly because men under arms consume more food, but also because the peoples of all the European countries which have been occupied by Germany have been undernourished for years and will require extra food to repair their losses. Australia, one of the granaries and larders of the world, has suffered from severe droughts. There has been a scarcity in India. Egypt herself has not escaped, owing to shortage of fertilizers and prevalence of pests. Another factor has been at work here, insufficiency of income amongst the poorer classes. It has been found as an economic fact that, when incomes are low, people tend to consume more bread, because bread is by far the cheapest supplier of energy. So here it is certain that the demand for bread has increased at the same time as the supply has diminished. This state of affairs is likely to continue. Hence it is imperative that steps should be taken to increase the local supply, particularly of cereals, but also of fats, sugar, lentils, beans and groundnuts.

The International Food Agreement of Hot Springs, which was accepted by Egypt two years ago, lays down as the first duty of every country the provision of adequate food for its own people. This duty devolves not only on the government, but also on the cultivators themselves. No man would expect a pumping engine to do full work without a full supply of fuel. So no human machine can possibly do a full day's work without a sufficiency of that human fuel which we call food. More than that, the human body requires certain classes of food to protect it against disease. When these foods are in short supply, the rate of mortality rises. During the war this state of scarcity has prevailed here. Consequently it is no wonder that diseases have increased. The death rate from tuberculosis of the respiratory system, one of the chief measures of under-nutrition, has risen steadily during the war, and is now more than fifty per cent above what it was in 1937-8.

Hence we may conclude that the first requisite in Egypt today is more food to make up for the existing shortage and the second requisite is still more food to bring what was an inadequate diet before the war up to the standard of good nutrition. Not only as a matter of patriotism, but also as a matter of self-interest, it is a duty and also good business for every employer of agricultural labour to see that that labour is sufficiently fed. How it is to be done must be left to the care of the agricultural authorities,

official, and non-official. Hussein Enan Bey brought back from Hot Springs Conference an adequate programme. One suggestion, however, may be made. Figures supplied by the Ministry of Agriculture show conclusively that the yield per feddan, whether of cotton or of cereals, is lowest in the case of small holdings, higher in holdings of medium size and highest of all for the large holdings. This suggests that, in spite of the intensive work of the small proprietor, and there is no harder land worker in the world and none who knows his job better, there is yet something lacking. What is wanted is to combine this skill and hard work of the small holder with the advantage of capital appliances that the large proprietor possesses. Cooperation stands out as one means, in which connection the law No. 145 of 11 September, 1944 may be brought to the notice of the Congress for the power that it will place in the hands of local authorities.

(b) *Fertilizers*.—There should be no lack of artificial fertilizers available immediately after the cessation of hostilities. At present nitrogen is being extracted from the air in enormous quantities for making explosives. But the chemical processes by which this is done are readily adapted to the production of nitrate fertilizers. And there are, of course, the nitrates of Chile still available. M. Jean Anhoury of the Nitrate Corporation of Chile has told the writer that artificial nitrates do not give as good results as natural nitrates. This may be so, and suggests that possibly there exist food substances for plants which resemble vitamins in human and animal foods.\* And possibly an adequate fertilizer may best be obtained from a judicious mixture of natural and artificial nitrates. Anyhow, cultivators may be assured that there will be no shortage of nitrates *at their sources*.

(c) *Clothing*.—There should be no shortage of textiles, for there is a huge accumulation of cotton all over the world, and of wool in the chief wool-growing countries, Australia, New Zealand and South Africa. The wool is the property of the British Government, which has brought available clips for the duration of the war and one year thereafter. Probably it will be put on the market as after 1919, by an association like the British Australasian Wool Realization Association (B A W R A), then constituted and successfully operated. The limiting factor in the supply of textiles

\* Field experiments would test this hypothesis.

is likely to be skilled labour and machinery. There is likely to be a great British demand for textiles, for the people in Britain have been severely rationed in clothing for five years. "We are all getting very shabby," wrote a friend of the author's about a year ago. Rationing of clothing is likely to continue, though not so severely and there may be some to spare for export. But probably not very much.

Steps should therefore be taken to increase local production of cotton and woollen cloths to the maximum possible.

*Other imports.*—Space lacks to discuss the other items on the import programme. Enough to say that there should be plenty of pharmaceutical products available after the close of the Japanese war, plenty of transport goods, except tyres and new ships, from the U.S.A., Canada, Britain, little building material from Britain, though some may be available from huts and other military buildings in Egypt dismantled when peace comes, and good supplies of machinery, especially heavy machinery. But as has been indicated, Egypt will have to compete with other countries for her share of these supplies.

(2) *Availability of currency.*

The currency wanted falls into three categories : (a) sterling arising out of current transactions, sale of cotton to Britain, for example ; (b) sterling arising from the cashing of the frozen sterling assets ; and (c) dollar currency arising out of current transactions.

(a) As to sterling arising out of current transactions, the practice of paying for goods and services obtained here with more frozen sterling should cease and all sterling arising from current transactions should be free for purchases inside the sterling bloc. (b) A certain amount of the frozen sterling assets should also be available, but how much it is premature to say definitely. (c) Dollars arising from current transactions and from possible sales of frozen sterling should be made available and every effort should be made to increase current exports to dollar countries, in order to augment this supply.

(3) *Availability of transport.*

The announcement of an Armistice with either Germany or Japan will not automatically release all shipping, for there will be an intense demand for shipping space to repatriate demobilised men. But these ships will be full on the homeward voyage and not so full on the outward.

Hence, with proper organization, there should be a certain amount of cargo space available for exports from Britain and North America, though but little on ships coming from the East.

*Conclusion.*—Out of this analysis emerges an import policy for Egypt. Every available ton of shipping and every available dollar or pound should be allocated to fertilizers or food, up to saturation point. These cargoes should take the priority hitherto accorded to military stores. Second priority should be granted to replacement parts for local agriculture and industry and then should come textiles, with the other categories as space is available. But food and the means to more food are all-important.

### EXPORTS

The chief exports of Egypt are of course cotton and its products, to which is now to be added flax. There is another international trade equivalent to export viz. tourism. Egypt exports transport facilities, food, the satisfaction which visits to her monuments inspire and the health-giving properties of her magnificent winter climate in return for the money paid by foreign visitors.

As regards cotton we shall have at the end of August a stock of cotton more than the heaviest crop hitherto picked, to which will be added a new crop equal at least to half a normal crop. There will thus be plenty of exportable cotton, but hardly any exportable cotton products. The question will then arise how far we are able to export this. No attempt need be made here to answer this question, since the prospect for Egyptian cotton figures elsewhere on the Agenda of the Congress. The answer will depend largely on (a) the competition from the enormous stocks of American cotton, (b) the competition from artificial fibres, rayon, nylon, and so on, the manufacture of which has made enormous strides during the war, as the writer was able to ascertain last summer in the U.S.A., and (c) shipping available.

Attention may be directed to one possible export, namely, cotton textiles to supplant the cheap cotton goods exported by Japan to East Africa before the war. But to reach this market Egypt must be able to supply at attractive prices. How to do this is a question that should engage the immediate attention of both the Ministry of Agriculture and that of Commerce and Industry.

An increase in the production of flax for export is also desirable, largely in order that Egypt, faced with the competition of

new fibres, may have a second money crop to reinforce her export position.

Jute has been mentioned as another fibre that may profitably be extended. May the suggestion be made that *Phormium tenax* (New Zealand hemp) is also a fibre plant which seems to be adapted to Egypt's soil and climate? The writer has recently seen some marshy land near Lake Qarun which seems to offer favourable chances. This fibre requires a good deal of labour for its harvesting, but where labour is not dear, as in the case in Egypt, this should not be a deterrent factor.

On one point, the export price of cotton, a remark may not be out of place. It does not seem likely that any extremely high price will prevail, as was the case in 1920, but the author thinks an attempt should be made to maintain the price at about its present level, some  $2\frac{1}{2}$  or 3 times the prewar price — on one condition, that a large part of the benefit is passed on to the actual workers in the field and not absorbed by proprietors as high rents or extra profits. A prime object of commercial policy all over the world today is to improve the standard of living of the primary producer. The writer has shown that the cost of the raw material in such fine cotton goods as handkerchiefs is only some 2 per cent of the retail price, the rest is due to manufacturing and distributive costs. Even in coarser fabrics the cost of the raw material is only some 10 to 15 per cent of the retail price. It is certain that there is room for greatly increased efficiency of manufacture in the United Kingdom and elsewhere. If that could be effected, then there would be room for an increase of the price for the raw material, an increase of the reward to labour for manufacturing and distributing the cotton goods, and a reduction of the retail price. Everyone would benefit and demand and therefore production would increase. Unfortunately, this is not a matter where the Egyptian authorities can do much. It rests with those who formulate industrial policy in the United Kingdom and other manufacturing countries. But Egypt is far from being disinterested, and manufacturers of other than cotton goods are also interested, for a higher price for Egyptian cotton would mean a greater demand by her for other goods from abroad.

## CONCLUSIONS AS TO AGRICULTURAL AND COMMERCIAL POLICY

What can we conclude from this attempt at an analysis of the future as regards Egypt's domestic and foreign trade ?

Firstly, the enormous importance of setting our own house in order becomes evident. There is an English proverb to the effect that "Heaven helps those who help themselves." This will certainly be true after the war, and economists in Britain, America, Australia and India are agreed that economic salvation must first come from within, not from without. In support of this doctrine the writer would exert any force that is in him.

Secondly, we can look to improvement in our external commerce.

In pursuance of the first objective, we should at once initiate a food survey, since food is all-important. We must ask for answers to the following questions :—

(1) How much food — wheat, maize, millet, barley, beans, lentils, sugar and other such crops — does Egypt require for an adequate nourishment of her people ?

(2) How much fat and protein — edible oils, eggs, fish, milk, butter, cheese, meat and animal fats — does Egypt require for an adequate diet for her people ?

(3) How much can Egypt produce of each of these food items, on a balanced agriculture and without external aid ?

(4) How can the deficiency, if any, be made good by

(a) imported fertilizers,

(b) improved agriculture, and

(c) imported food ?

With a considered estimate like the above, Egypt would have an unanswerable claim for shipping, and, where necessary, currency, to bring these essentials to her shores.

• Having attended to this absolutely essential programme, Egypt would then be free to estimate and arrange for supplies of textiles, drugs to prevent sickness and maintain health, machinery to improve and extend agriculture, to restore transport, to make good building deficiencies and to restore and develop her industries.



Simultaneously, she would set up an economic general staff, the foundations of which were laid in the Ministry of Finance two years ago, with a Research Section and a Planning Section, and branches stretching into the various ministries. Amongst the first questions to be taken up should be propaganda in favour of Egyptian cotton and tourism.

(Postscript). (10-5-1945).

(1) Figures which have come to hand since the paper was read lead to think that the world level of prices will be more nearly 1.75 times the pre-war level than 1.50 as mentioned on page 4. The price level in Britain is already 1.50 times the pre-war level.

(2) The Chancellor of the Exchequer in his Budget Speech estimated that the total amount owed abroad by Britain would rise to £ 4000 millions "before we have done."

Paper read at the Second Agricultural Congress. Held in Cairo in April, 1945. Reprint (revised) June, 1945.