

The Revolution in Egypt's Economic System, From Private Enterprise to Socialism, 1952-1965 by P. Patrick O'Brien. London: Oxford University Press, 1966.

Egypt occupies an important place in the Middle East. It has, for the last eighty years or so, acted as the mind of the Arab world. Its impact has not been confined to the realm of politics; it is influencing the intellectual, social and economic life of the area. It claims to have made a first full-dress experiment in socialism in the Middle East. A study of the transformation of the Egyptian economy and society is bound to be interesting and enlightening.

The Revolution in Egypt's Economic System is one such study. Patrick O'Brien has written a valuable monograph on the new system and the manner in which it is operating. The author has made a systematic study of "the political, legal and institutional framework within which economic enterprise has operated since the revolution". The book is divided into nine chapters: two dealing with the pattern of the economy before the revolution and six discussing the transformations that took place after the revolution. The last chapter is devoted to an evaluation of the system and of its achievements in respect of achieving administrative efficiency and economic equity. The relationship between government and economy is an important area of study in the economic history of Egypt. State participation in the economic field began with the reforms introduced by Mohammad Ali which led to the emergence of public monopolies. The transition towards free-market economy began in 1844 and was completed by 1914. By the mid-twentieth century, Egypt had a predominantly free market operating side by side with an effective public sector. Agriculture continued to occupy an important position but significant strides had also been taken towards industrialization. Around 1950, Egypt had acquired an industrial structure dominated by the manufacture of simple consumer goods. Fifteen per cent of Egypt's national income came from industry and the per-capita income stood at \$118.

The new military junta which took over the reins of government in 1952 had no definite economic ideology. Except for land reforms and a few other minor "measures" nothing much happened in the first five years of the 1952 Revolution. Private enterprise was encouraged and the government did little more than what can be described as 'economic exhortation'. Although some elements of radicalism appeared in the area of industrial policy, yet no major departure from the traditional pattern had been affected. However, by 1957 signs of a new dispensation became manifest. Partial planning was resorted to and the size of the public sector was expanded. An 'Economic Organisation' was formed to which 31 firms were affiliated. In time this led to an increase in the share of the public sector in total investment. The ground was paved for a major "departure" from tradition. This came in 1960. The first comprehensive plan was inaugurated in July 1960 and in its wake came gradual nationalization of industry and the extension of central control over agriculture. Gradually free enterprise gave way and since 1961 Egypt has moved close to comprehensive centralized planning of the socialist type. O'Brien has made a careful study of the gradual process which led to the demise of the private enterprise and the emergence of a "socialized" economy.

O'Brien has highlighted the *nature* of this "economic revolution" in Egypt. He points out that Socialism in Egypt has primarily been interested in centralizing economic power in the hands of the state and in socialising the major processes of production (pp. 108-126 and 133-146). Its interest in the

welfare aspect of socialism has, as yet, remained rather limited (pp.205-206). Gross inequalities have been reduced, but any radical redistribution of income and wealth has not been affected. Social insurance is also limited to a small section of the labour force, which has become a kind of a privileged working class (pp. 292-299). From the viewpoints of technical and economic efficiency, the author argues, the economy has definitely improved but has not attained any high standard (pp. 257-261 and 282). As such Egyptian socialism is, in many respects, different from the avowed ideals of socialism as it has developed in Western Europe. Tax system also lacks that degree of progression which has now become a *sine qua non* of a welfare economy.

Patrick O'Brien has made a sympathetic study of the evolution of socialism in Egypt in the book under review. He has refrained from evaluating the overall performance of the system. The study is clear, candid and systematic. Perhaps in his desire to remain objective he has depended rather too heavily on the official publications. Yet this constitutes a major weakness of this book. For, in a totalitarian society it becomes very difficult to check on the reliability of data and compare the same with information coming from independent sources. Moreover, the extent of inefficiency, corruption and mismanagement cannot be found out from the publications of the Ministry of Finance or Trade. For that one will have to explore other avenues. For example, the proceedings of the five-man Committee of the National Assembly which investigated the affairs of Nasr Industries is an important document (see: *Al-Akhbar al-Yaum*, Cairo, May 8, 1965). Similarly, a series of articles published in the weekly *Aākhr Sā'ah* during May and June 1965 throw light on the state of the economy from the viewpoint of efficiency. Unless such sources are fully tapped, any appraisal of the system would remain incomplete.

Also the author has not highlighted the role of "Big Powers", particularly Russia and the U.S.A. in the making of the new system. There is no mention of the huge economic aid that Egypt has received from these sources and the part Russia has played in influencing the economy in a particular direction after 1957. (See: *Nasser's Egypt* by Peter Mansfield, pp. 162-164).

It may also be pointed out that the author has, here and there, passed some remarks that are incorrect and uncalled for. On one occasion he says "Islam engendered acquiescence or channelled their protests into futile movements like the Muslim Brothers" (p. 64). He has not made any systematic study of the relationship of Islam to the Egyptian economy. Such passing remarks hardly fit into a scholarly study like the one under review.