

Food and crisis in Egypt:

corporate food and class inequalities

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Introduction

When global food prices rose to new heights at the end of 2007, protests and riots erupted in more than 30 countries. In Egypt, the food price hike led to fighting and death in the scramble for subsidized bread and an organized labor protest in the industrial town of Mahalla, which spread to other parts of the country. For some the growing popular tension from the 2007-08 food crisis marked a critical moment in the burgeoning revolt that culminated in the 2011 uprisingⁱ.

The crisis in Egypt refueled long-established arguments about the inefficiency of the government's food subsidy program. The program relies in part on imported wheat, and questions about the government's ability to maintain the program re-surfaced as the food

import bill grewⁱⁱ. As Egypt and the rest of the food import dependent, indebted world went from one crisis to the next – from the 2007-08 shock to the crisis of 2011, when global food prices reached the highest level since recording began in 1990ⁱⁱⁱ – a consensus was reached across the spectrum of the Western political establishment that the subsidies (including food) were part of the problem. The consensus was that the government's subsidy program was inefficient and breeding corruption^{iv}. And by 2009 the Egyptian government publicly announced that it was re-evaluating the program – a process that eventually led to the stripping down of the program in 2014^v.

Photograph: Asmaa Waguih/REUTERS, <https://www.theguardian.com/environment/2008/may/27/food.egypt>



Pinpointing government subsidies as a main policy hurdle in the way of improving food security in Egypt is questionable given that food subsidies as a percentage of government expenditure declined precipitously since the early 1980s: In 1980/81 food subsidies accounted for 14% of government expenditure and dropped to 4% of government expenditure by 2007^{vi}. In fact, in response to the 2007-08 crisis the government increased the expenditure on food subsidies, not just because of the growing import bill, but to cover the vast majority of lower-middle classes who spend a sizable percentage of their income on food and who became more food insecure as a result of the crisis^{vii}. Increasing the food subsidy program was one measure among a host of policies to absorb the shock of the crisis (others included, for example, an increase in public sector wages and a temporary ban on rice exports). But these measures could do little to mitigate the impact of the crisis that followed: By the time food prices pinnacled again beginning at the end of 2010, food inflation reached over 20 per cent in the first months of 2011^{viii}. As a result of the crises, an estimate is that over half a million people fell below the poverty line – an increase of around 4.5 per cent^{ix}.

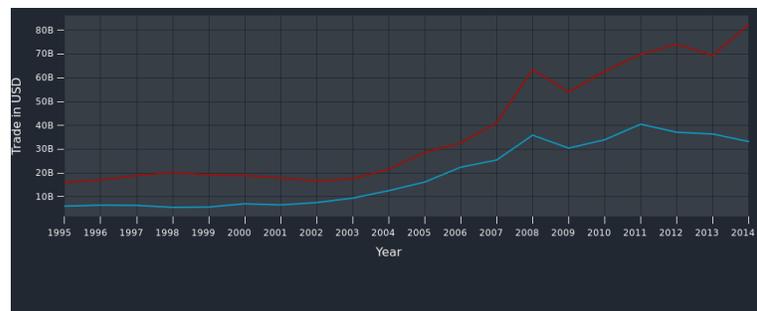
The country's vulnerability to the whims of an increasingly volatile world market has much less to do with government largesse and inefficiency and much more to do with structural shifts in economy and society that long preceded the crises and dis-enabled the state to absorb the shock of 2007-08. The conditions of participation in the globalization project^x heralded these shifts: Structural adjustments that paved the way for Egypt's membership in the World Trade Organization in 1995 (and bi-/multi-lateral trade agreements that followed) grew and consolidated the formal economy – into the hands of a few Egyptian family business groups, financial firms, transnational corporations (TNCs), and multinational corporations (MNCs)^{xi}.

While the so-called cronyism of the Mubarak regime played a role in the outcome of these policy changes, the consolidation (and corporatization) of the formal economy occurred largely through a transnational infrastructure of 'doing business' legally and legitimately^{xii}.

Corporate food

What does the growth of the formal economy have to do with vulnerability to the world market? These shifts led to unprecedented rates of economic growth, after all. A first point, and perhaps more obvious point, is that the gains from this economic growth have been highly concentrated. Formal economic growth has been relatively small, making up a fraction of total economic activity, and has concentrated in the hands of a few. Thus, a relatively small percentage of the population directly benefits (through employment, contracts, etc.) from the formal corporatized economy.

A second, related point is that the economy itself is energy-intensive and import-dependent – requiring imports of energy, consumer goods, and so on. So as the formal, corporatized economy grew, import dependency remained. Although the trade deficit was chipped away at – i.e. the value of exports to imports rose from 38% to 62% between 1995 and 2007 – the country was only minimally able to increase the volume of exports and to move into higher-value manufactured exports, and therefore, stayed largely as a price-taker in the world market^{xiii}.



Egypt's Trade Balance, 1995-2014 (red = import value; blue = export value), <http://atlas.media.mit.edu/en/visualize/line/hs92/show/egy/all/all/1995.2014/>

In terms of food, if it wasn't the poor masses' growing proclivity for subsidized bread (and the government's inability or unwillingness to stop middlemen from profiting off of it) that contributed to the country's food insecurity, what had in fact changed in terms of food production and consumption? As the formal economy grew, so did an agri-food industry – that is, the formal, integrated and corporatized side of the agri-food sector. The agri-food industry consists of three main markets: an agroexport market (of fresh and processed fruits, vegetables, and ornamentals like flowers); food service (e.g. franchises like McDonalds); and food retail (e.g. supermarkets and hypermarkets). Upstream the industry includes corporate-approved seed varieties (high-yielding and GMO), chemical fertilizers, pesticides, and other agricultural inputs. And corporate food value chains – from land to labor to markets – crisscross in multiple ways with the informal, non-integrated agriculture and food sector, blurring clear distinctions between the formal and the informal.

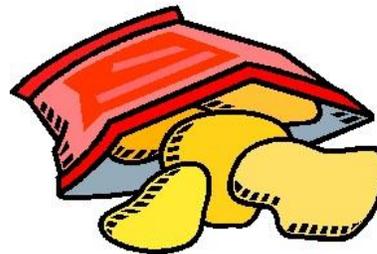
The agri-food industry contributes disproportionately to the import bill by transforming food ingredients in multiple ways into largely durable commodities that often travel long distances. The industry was a heavy consumer of the country's top imports in 2007: machinery, petroleum, wheat, and corn^{xiv}. Corn alone as a top import commodity was (and remains to be) consumed almost entirely by industrial poultry, which is monopolized by five corporate breeders^{xv}. And dependence on imports has not shifted since the double crises of 2007-08 and 2011: From 2011 to 2013 among the top five import commodities were petroleum (and

Food Miles
How well travelled is your dinner?



various by-products), wheat, and corn^{xvi}. Of the other top food import commodities most are essential ingredients of corporate food (edible oil, sugar, red meat, powdered milk)^{xvii}.

The growth of the industry has surely meant greater availability of cheap (or at least cheaper) corporate food in Egypt's urban or urbanized areas.



- ❖ Grab a 1 E£ bag of *Chipsy* at a kiosk as you leave the metro stop and head to the mini-van terminal. Just what you could use to hold you over as you take the long commute to cross the megalopolis of Cairo!
- ❖ Hang out with friends in the gender-neutral, smoke-free, air-conditioned hip "Mac-Do" in the formal, planned neighborhoods. Many a university student in Cairo or Alexandria can treat themselves to a McDonalds ice cream!

Indeed, in this global food economy industrial, processed foods represent a space of dietary convergence across class. In this economy the wealthy and working classes alike consume 'soft drinks, packaged snacks and so-called convenience foods that are full of fats, sweeteners, artificial flavours and colouring'^{xviii}.

Class Inequalities

The prevalence in Egypt of what epidemiologists refer to as ‘the double burden of disease’^{xxix} – large segments of the population facing both chronic diseases and infectious diseases – reflects partially this space of dietary convergence across class. Obesity and overweight increase the prevalence of a host of chronic diseases (e.g. cardiovascular disease, diabetes, chronic respiratory diseases)^{xx}, and during the 1992-2005 period, rates of obesity and overweight increased among lower-income (and rural) women, and consequently, evened out among the classes^{xxi}. In so far as the nationwide double burden of disease can be attributed to dietary shifts^{xxii}, these shifts have been toward refined, durable foods – foods high in saturated fats and sugars and simple carbohydrates^{xxiii}.

More Egyptians have certainly been able to ‘buy into’ the globalization project. The consumer market of corporate food lies along a fairly wide spectrum, indeed: from ‘low end’ (e.g. kiosks) to ‘middle end’ (e.g. discount supermarkets) to ‘high end’ (e.g. European supermarkets)^{xxiv}. It is not just that the working classes and wealthy alike can afford *Chipsy* for a snack, but what is ‘corporate’ and what is not in the food markets can be difficult to distill. For example, corporate poultry is sold alive by small- and medium-size vendors in the *souq*. The ubiquity of corporate food should not, however, obscure the fact that the market spectrum is heavily skewed toward the upper end – for the upper-middle classes at home and abroad. The promise of joining the ranks of the global consumer class has not in fact been realized.

In this way, Egypt’s greater integration into the world market has been a class project: The expansion of commodity production (and trade) has been disproportionately for the global consumer class. Shocks from the food crises

were symptomatic of changes in consumption – but not consumption by the masses, who rely on subsidized bread for their daily sustenance. Rather, vulnerability to an increasingly volatile world market reflects the funneling of resources – labor, land, foreign reserves, markets, and so on – for the wealth accumulation of a few and the making of a global consumer class, who in the years leading up to the crises was able to consume more corporate food.

But not just food. The growth of an agri-food industry has just been one avenue for the concentration of wealth following privatization and liberalization policy changes. Why then go after one government expenditure – the subsidy program – that has been one of the most effective social safety nets for the masses in post-independence Egypt? Well, doing so was certainly more expedient than tackling the policies that enabled enhanced corporate power and a growing gap between the wealthy and stuffed and the poor and food insecure^{xxv}. Questioning these policies as a class project – the terms and conditions of the country’s participation in the globalization project – requires popular dissent and pressure. (No wonder the subsidy program was hallowed out after 2013, by which time the popular revolt had been nearly extinguished.)

Conclusions

The refusal or inability to take on the corporate-led globalization project reflects what Payne and Phillips refer to as one of the ‘striking anomalies of neoliberal development theories’: Strong economic performance is seen to lie in a country’s effective positioning vis-à-vis the world market – as during Egypt’s growth years leading up to the crises – while development failures are ‘deemed to lie purely from endogenous factors, associated in the main with ‘incorrect’ government policies and institutional deficiencies, compounded by the forms of

corruption and clientelism that resulted from excessive state intervention in economic affairs.^{xvii} So when the crises led to political revolt and greater food insecurity in Egypt, the Western and Egyptian establishment looked to correct government policies like the subsidy program.

The contradictions of the globalization project have created a deep chasm between the winners and the losers, and thus, have greatly

compromised the legitimacy of the national (and global) political order. This tendency toward destabilization is universalizing – as the 2015 Brexit vote in the UK and the Trump victory in the US attest. But in countries like Egypt in which a relatively small percentage of the population directly benefits from a formal corporatized economy, this corporate-led project has been especially destabilizing. ●

ⁱ Bogaert, K. 2013. Contextualizing the Arab Revolts: The Politics behind Three Decades of Neoliberalism in the Arab World. *Middle East Critique* 22(3): 213-234; Joya, A. 2011. The Egyptian revolution: crisis of neoliberalism and the potential of democratic politics. *Review of African Political Economy* 38: 129, 367-386.

ⁱⁱ IMF. 2008. *Fuel and Food Price Subsidies: Issues and Reform Options*. Washington, DC: International Monetary Fund. <https://www.imf.org/external/np/pp/eng/2008/090808a.pdf> (accessed December 31, 2016); Can bread subsidies continue in their present form? *IRIN* 10 April 2008, <http://www.irinnews.org/news/2008/04/10/can-bread-subsidies-continue-their-present-form> (accessed September 30, 2011).

ⁱⁱⁱ FAO. 2012. FAO Food Price Index. *World Food Situation*. Rome: Food and Agriculture Organization of the United Nations. <http://www.fao.org/worldfoodsituation/wfs-home/foodpricesindex/en/> (accessed January 30, 2012).

^{iv} Rohac, D. 2013. Solving Egypt's Subsidy Problem. *CATO Institute Policy Analysis* no. 741, https://object.cato.org/sites/cato.org/files/pubs/pdf/pa741_web_2.pdf (accessed December 31, 2016); Slackman, M. 2008. Egypt's Problem and Its Challenge: Bread Corrupts. *New York Times* 17 Jan, <http://www.nytimes.com/2008/01/17/world/africa/17bread.html> (accessed March 8, 2010).

^v El-Fiqi, M. 2014. Subsidy-less. *Al-Ahram Weekly* 18 Dec, <http://weekly.ahram.org.eg/News/10003/18/Subsidy-less.aspx> (accessed December 28, 2016).

^{vi} Ahmed, A.U., Bouis, H.E., Gutner, T., and H. Lofgren. 2001. 'The Egyptian Food Subsidy System: Structure, Performance, and Options for Reform'. IFPRI Research Report 119. <http://www.ifpri.org/publication/egyptian-food-subsidy-system> (accessed January 5, 2017); Gertel, J. 2015. Spatial Orders of Hunger: Food Insecurity in Cairo. Presented at the workshop 'Spatialities of Food – the Urban Case of Cairo', University of Leipzig, Germany, 15 October; Youssef, M. H. 2008. Role of Food Subsidies on Poverty Alleviation in Egypt. Cairo: American University of Cairo. www.saaidd.org/Doat/hasn/147.pdf (accessed December 12, 2016).

^{vii} One estimate is that in the southern Mediterranean countries the population spends 35-55 per cent of their income on food (as compared to Israel's 17 per cent, the GCC's 20-30 per cent (Harrigan, J. 2014. *The Political Economy of Arab Food Sovereignty*. New York, NY: Palgrave Macmillan, pp. 110-11).

^{viii} *Ibid.*, 107

^{ix} *ibid.*, 97

^x McMichael, P. 2012. *Development and Social Change: A Global Perspective* (5th Ed.). London: SAGE.

^{xi} The main distinguishing characteristic among TNCs and MNCs here is their reach. Transnational corporations operate globally and multinational corporations operate regionally. In Egypt, most MNCs are from southern Europe (e.g. Greek, Italian), the Middle East (e.g. Lebanon, Saudi Arabia, Kuwait), and (more recently) China.

^{xii} Dixon, M. 2013. *The Making of the Corporate Agri-food System in Egypt*. PhD: Cornell University; Dixon, M. 2014. The land grab, finance capital, and food regime restructuring: the case of Egypt. *Review of African Political Economy* 41(140): 232-248.

^{xiii} As primarily an exporter of primary commodities and an importer of higher-value, manufactured commodities, a country like Egypt has no influence over prices in the world market and is stuck in unequal terms of trade, whereby the value of imports exceeds the value of exports. The trade in oil/petroleum is exemplary here: Crude oil prices rose steadily during the first decade of the 21st century (and because food prices are synchronized with oil prices, this price hike precipitated the 2007-08 crisis). The value of crude oil exports from Egypt rose accordingly: The oil export value was at approximately 2.2 US billion in 1995, and began to increase exponentially in 2003, reaching 7.4 US billion in 2007. And exports of crude oil decreased while exports of higher-grade oil rose during this period. Yet, the value of finished oil imports rose more quickly than that of exports: oil imports to exports rose from 39% in 1995 to 55% in 2007. This example is the quintessential dilemma of primary commodity exporters: countries like Egypt export low-grade commodities (even higher value commodities like crude oil) but then import commodities in their processed, higher-grade form. See EconStats for oil export and import values: <http://www.econstats.com/weo/V025.htm>, <http://www.econstats.com/weo/V026.htm>.

^{xiv} What is the trade balance for Egypt? (1995-2014): <http://atlas.media.mit.edu/mym7ju>.

^{xv} Dixon 2013; 2015. Biosecurity and the Multiplication of Crises in the Egyptian Agri-food Industry. *Geoforum* 61: 90-100.

^{xvi} UN Comtrade. 2013. Egypt. United Nations, https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&uact=8&ved=0ahUKewiGnp_9jqXLAhWGKB4KHUt4DfAQFggeMAA&url=http%3A%2F%2Fcomtrade.un.org%2Fpb%2FfileFetch.aspx%3FdocID%3D5269%26type%3Dcountry%2520pages&usg=AFQjCNH_9ZvyOwnVwYc_DDLVSBCDuAjnA (accessed February 6, 2016).

^{xvii} FAO STAT. n.d. Country Profile: Egypt – Top Imports – 2011. Rome: Food and Agriculture Organization of the United Nations. <http://faostat.fao.org/desktopdefault.aspx?pageid=342&lang=en&country=59> (accessed August 10, 2012).

^{xviii} Weis, T. 2007. *The Global Food Economy: The Battle for the Future of Farming*. London & New York: Zed Books, p. 15.

^{xix} Prentice, A. M. 2006. The emerging epidemic of obesity in developing countries. *International journal of epidemiology* 35(1): 93–9.

^{xx} WHO. 2005. *Preventing Chronic Diseases: a vital investment*. Geneva: World Health Organization. http://www.who.int/chp/chronic_disease_report/en/ (accessed November 2, 2012).

^{xxi} Nahmias, P. 2010. The Social Epidemiology of Maternal Obesity in Egypt. PhD: Princeton University, p. 76.

^{xxii} Dietary changes are often named as one factor in the emergence of chronic diseases in the global South or developing world during the past quarter century: Prentice 2006; Haslam, D. W. and W. P. T. James. 2005. Obesity. *Lancet* 366: 1197-209.

^{xxiii} A comparison of the National Nutrition Institute cross sectional survey data conducted in 1981 and then again in 1998 indicates that in the intervening years: a) animal protein intake rose sharply; b) 'meals away from home' more than doubled; and the disparity in energy intake between the wealthy and poor grew (NNI. 2000. Food Consumption Pattern and Nutrients Intake Among Different Population Groups. To update Food Consumption Pattern Survey conducted in 1981. Cairo: National Nutrition Institute). See also: Galal, O. M. 2002. The nutrition transition in Egypt: obesity, undernutrition and the food consumption context. *Public Health Nutrition* 5(1A): 141–148. What these surveys do not reveal is the type or level of processing of the food consumed. A clearer picture of the shift toward refined, durable foods is the growth in investments in food processing: Between 1992 and 2002 food processing alone grew from 12.6 per cent to 17.1 per cent of total manufactured value added (IMC. 2005. Egyptian Processed Food Sector Review: Final Report. Cairo: Industrial Modernisation Centre.) For more on investments in the food industry, see Dixon 2013, 2014, 2015.

^{xxiv} Dixon 2013

^{xxv} Patel, R. 2008. *Stuffed and Starved: the hidden battle for the world food system*. Brooklyn, NY: Melville House Publishers.

^{xxvi} Payne, A. and N. Phillips. 2010. *Development*. Cambridge: Polity, p. 92.