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AGRICULTURAL DEVELOPMENT SYSTEMS
EGYPT PROJECT
UNIVERSITY OF CALIFORNIA, DAVIS

SUMMARY AND PROCEEDINGS
 TENTH ADS ECONOMICS POLICY WORKSHOP
 "Labor Migration and Egyptian Agriculture"

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**SUMMARY AND PROCEEDINGS
TENTH ADS ECONOMICS POLICY WORKSHOP**

"Labor Migration and Egyptian Agriculture"

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May, 1983

Agricultural Development Systems:
Egypt Project
University of California
Davis, Ca 95616

TENTH ECONOMICS POLICY WORKSHOP

"LABOR MIGRATION AND EGYPTIAN AGRICULTURE"

May 19, 1983
9:30am-3:30pm

California Research Center
Faculty of Agriculture, Giza
University of Cairo
Cairo, Egypt

Agricultural Development Systems Project is a joint project of the Egyptian Ministry of Agriculture and Food Security and the University of California sponsored by US AID.

ADS EGYPT-CALIFORNIA PROJECT

TENTH ECONOMICS POLICY WORKSHOP

"Labor Migration and Egyptian Agriculture"

May 19, 1983

The ADS Egypt-California Project is a joint effort of the Egyptian Ministry of Agriculture and the University of California promoting policy-relevant research on problems of the agricultural development of Egypt. The ADS Economics Sub-Project has organized this Tenth Economics Policy Workshop to explore policy issues concerning domestic and international labor migration and the development of Egyptian agriculture. Papers and discussion will focus on migration within Egypt and abroad, the impact of this migration on labor supply, the utilization of remittances, other countries' experiences in labor migration to the Gulf countries, and the implications for agricultural development policies.

PROGRAM

May 19, 1983 First Session The Egyptian Migration Experience
9:30am-12:00noon

Moderators: Dr. Rafaat Naggar and Dr. John Rowntree

Welcome and
Introductions: H.E. Dr. Youssef Wally, Minister of Agriculture
Dr. Yehia Mohieldin, ADS Co-Director, Egypt
Dr. Bruce Glassburner, ADS Co-Director, UC
Dr. Ahmed Goueli, Co-Director, Economics
Dr. John Rowntree, Assoc. Director, Economics

Presentations: Dr. M. Kamel Soliman, "Remarks on Internal
Migration Studies in Egypt."

Dr. Ismail M. Arman, "Labor Migration and Its
Impact on the Egyptian Labor Market."

Dr. Alan Richards, "Migration and Labor Shortages
in Egyptian Agriculture."

Dr. Ahmed A. Goueli and Dr. Ali Hadhoot,
"Utilization of Remittances in Rural Egypt."

Discussants: Dr. Nawar and Dr. Philip Martin

Recorders: Dr. Marzouk Aref and Dr. Alan Richards

Lunch Break
12:00noon-1:00pm

May 19, 1983 Second Session Other Countries' Experiences and
1:00pm-3:30pm the Migration Research Agenda

Moderators: Dr. Ahmed A. Goueli and Dr. Fred Arnold

Presentations: Dr. Philip Martin and Dr. Alan Richards, "The
Overview of Numbers, Remittances, and
Impacts."

Dr. Fred Arnold, "Labor Migration from Asia to
the Middle East and the Implications for
Egyptian Migration Policy."

Dr. Rafaat Naggar, "The State of Research in the
Area of Labor Migration in the Arab
Countries."

Dr. John Mamer, "Methodologies for Evaluating
International Labor Migrations."

Discussants: Dr. Ahmed A. Goueli and Dr. Alan Richards

Recorders: Dr. Rafaat Naggar and Dr. Philip Martin

Proceedings Committee:

Dr. Ahmed Goueli, Co-Chairman
Dr. Rafaat Naggar
Dr. Nawar
Dr. Marzouk Aref
Dr. Alan Richard, Co-Chairman
Dr. Philip Martin
Dr. John Mamer
Dr. Fred Arnold

SUMMARY AND PROCEEDINGS

TENTH ADS ECONOMICS POLICY WORKSHOP

"Labor Migration and Egyptian Agriculture"

May 19, 1983

Egypt is the most populous Arab country. Given a relatively fixed arable land base and a population of 44 million (about 7 persons per cultivated feddan) that increases by 1.1 million annually, Egypt seeks policies that maximize agricultural output and employment. This workshop explored the complex relationships between labor migration, agricultural mechanization, and food production.

Until 1973, Egypt was a classic labor surplus economy which had trouble preventing labor productivity in agriculture from falling as arable land was subdivided generation after generation. However, after the 1973-74 oil boom, unskilled and semi-skilled workers joined the professional Egyptians who had long worked abroad, and this emigration of 1 to 2 million workers altered the traditional labor surplus description of Egypt. Egyptian farmers complained of "labor shortages", and the government responded by encouraging the rapid mechanization of agriculture, especially by subsidizing the importation and use of tractors. It was hoped that rapid mechanization could eliminate the labor shortage complaint and permit land that was used to grow fodder for draft livestock to be converted to produce more food.

Egyptian agriculture experienced rapid mechanization in the 1970's. The number of tractors rose 50 percent, and land

preparation (plowing) is now almost completely mechanized. More and more farmers are mechanizing harvesting, the most labor-intensive phase of crop production. Policy-makers are interested in developing an "optimal" mechanization policy, a policy that maximizes production without making excessive demands on scarce public resources and displacing agricultural workers. In order to develop an optimal mechanization policy, the separate factors that affect farmers decisions to mechanize must be analyzed-- fewer workers and rising wages, the scarcity of land, and government price and subsidy policies.

This workshop focused on the first factor, asking how internal and international worker migration are changing rural labor markets. Drs. Mohieldin and Glassburner welcomed the 60 participants and defined the issues. Drs. Naggar and Rowntree moderated the morning session, which focused on Egyptian migrants inside Egypt and abroad. Dr. Ismail Arman from the Ministry of Labor explained how emigration absorbed 1/3 of the 1970's workforce growth, but that Egypt faces a coming crisis if the construction boom abroad comes to an end before Egypt transforms its educational and training programs to train Egyptian workers for the skilled and professional jobs still available abroad. Dr. Arman believes that Egypt must modify its educational and training system to prevent labor market mismatches.

Dr. Richards detailed the nature of labor shortages in Egyptian agriculture, noting that the major "shortages" occur during the May-June harvest period when women do not compete with men for jobs. The farmers' general labor shortage complaint is

in reality a response to the decline in the number of prime-aged males available for seasonal harvest and land preparation work. This decline can be traced directly and indirectly to the emigration of workers, as some unskilled rural workers go abroad and others migrate to urban areas to fill jobs vacated by urban emigrants. Thus, the extent and duration of the labor shortage in agriculture is related to the demand for Egyptian workers abroad.

The paper by Dr. Goueli and Dr. Hathoot noted that most migrant remittances are spent on current consumption or "invested" in housing, taxis, or land speculation. Their paper concluded that Egypt must find ways to utilize better the \$ 3.2 billion that its 2.3 million workers remit annually.

Dr. Soliman surveyed returning migrant workers and reported that they earned on average LE 6,600 per year abroad. Migrants save an average of 56% of earnings, a rate achieved because housing and food is often provided. Remittances to Egypt--estimated at \$ 3.2 billion in 1981--have an inflationary impact because of the ways they are spent.

The morning session concluded that:

1. The emigration of Egyptian unskilled workers after 1973-74 has had profound effects on Egyptian agriculture, principally a decline in the number of prime-aged males willing to work for wages. This decline leads to the labor shortage complaint and the government's subsidized mechanization response.

2. The remittances Egyptians send and bring back benefit individual migrants and their families, but they are not utilized to promote agricultural or economic development.

3. Egypt must re-shape its education and training system to emphasize the advantages of Egyptian workers in the Arab countries--language and cultural similarities--in order to keep foreign labor markets open to substantial numbers of Egypt's workers.

The afternoon session, chaired by Drs. Goueli and Arnold, reviewed other countries' experiences exporting workers and their relevance for Egypt. Unfortunately, the experiences of other labor-exporters contain many lessons of what not to do but few lessons of what emigration policies should be adopted.

Dr. Martin reviewed international worker migrations around the world, noting that about 25 million "guest workers" remit an annual average \$ 1,000 for a total of about \$ 25 billion to their countries of origin. Labor-importing countries are generally trying to better control and thus limit the number of foreign workers within their borders, although control and limitation policies vary widely. Generally, Middle-Eastern labor importers are willing to remain dependent on foreign workers to comprise 30 to 90 percent of their workforces if they remain confident that the guest workers will not be a destabilizing force. As long as guest workers in general and Egyptians in particular are seen as stabilizers, Egyptian workers are likely to find jobs abroad. Thus, the optimal farm mechanization strategy depends ultimately on an assessment of the future role of Egyptian workers in foreign labor markets.

Dr. Martin went on to outline the migration decisions that labor-exporting nations can make, viz, (1) whether to respond

explicitly to labor demands from abroad and try to formalize recruitment and work contracting or to permit workers and foreign employers to find each other, (2) whether and how to maximize remittances, (3) whether and how to maintain ties to the home country while workers are abroad, and (4) whether and how to encourage returns.

Dr. Arnold noted that more countries are now concerned with the distribution of their populations than with population growth rates. He noted that Asian countries--which have about 2 million workers in the Mid-East, 1/3 of them in Saudi Arabia--have generally changed their attitudes toward temporary worker emigration from one emphasizing on the immediate benefits of remittances (perhaps \$ 6 billion/year) and exported unemployment to one encouraging caution and an awareness of emigration's disadvantages: viz, remittances do not necessarily accelerate economic development, selective emigration leaves specific labor shortages, returned migrations are often hard to reintegrate, and extended family separation gives rise to personal and social dilemmas.

Despite these reservations, the Asian share of the Mid-East labor market is rising. It is now about 1/3 of the migrant workforce and is expected to be 1/2 in 1985. Asians are sometimes preferred workers because they are very productive, do not mix with natives, and are not likely to become permanent residents. As Asian countries improve their training and recruitment systems, they will enhance their reputations as suppliers of productive and trouble-free workers on short notice.

Dr. Naggar concluded the workshop by reviewing the studies conducted by various Arab organizations. These studies generally agree with the conclusions discussed earlier: the construction boom will end and Arab countries must re-orient their education and training systems in order to retain their shares of Mid-East labor markets.

The concluding discussion noted 1) that migration statistics are very unreliable, compounding the difficulty of analyzing migration and making policy recommendations, 2) that remittances are very beneficial individually but are not necessarily a tool that automatically accelerates economic development, and 3) that the future of international worker migration is uncertain. This workshop made participants aware of the dimensions of worker migration and the complex dilemmas that it creates.



