

CAIRO

“Ready to change its fortune...”

By Fatih Eren*

C

airo, the capital city of Egypt, who is under strong global impact has been examined in this volume.

Egypt is a transcontinental country which is located at the intersection of the North Africa and the Southwest Asia. The country has a 80 million population in total and about 20 million of this population is living in Cairo city.

The globalisation(better to say westernisation) process of Egypt started in 1979 (i.e. Camp David Accords). After this date, the country turned its face from the North(communist bloc) to the West (US and EU). In this westernisation process which has been going on for the last 30 years, Egypt became very close to the United States (US) and the European Union(EU) politically and financially, but it moved away from the countries of the North Africa and the Middle East, which are actually the places much more similar to the Egypt than US and EU in socio-cultural terms. US and EU financially and politically supported the Egypt government in a systematic and regular way during this 30-year period (e.g. The US Agency for International Development (USAID) has provided \$1.3 billion financial aid to the Egyptian government every year since 1980 to support economic growth and to establish security in the country. Again, EU provided €558 million to the government between 2007-2011 under the Eu-

ropean Neighbourhood and Partnership Instrument (ENPI) to support political and economical reforms in the country. EU has just declared that they are going to provide an additional €449 million financial aid to Egypt for the same purposes under the same program between 2011 and 2013).

The year 2007 became an important date for Egypt in terms of coming closer to the western world. Egypt became the first country in the Middle East-North Africa Region (MENA) which signed the



The Coat of Arms in Egypt



Egypt map

OECD's Declaration on International Investment and Multinational Enterprises. After 2007, Egypt applied many new financial and economical liberal reforms in the context of this declaration and as a result the country passed to a full open economy. The OECD's Regulatory Restrictiveness Index score for Egypt was 0.191 in 2006 and it became 0.104 in 2010 (On a scale where 0 denotes a fully open economy and 1 a totally closed one). This score is close to the scores of some developed countries such as Japan, Denmark and South Korea in this index. This means that Egypt's less developed economy (the 26th biggest economy of the world in 2010 according to IMF data) is now competing with the world's most developed countries on equal terms in the global economic system.

The Egyptian government, which opened the door of the country fully to global investors, was insistently trying to attract foreign investments into the country's all economic sectors (i.e. Agribusiness, Communication & Information Technologies, Education, Financial, Healthcare, Logistics & Transportation, Petrochemicals, Renewable Energy, Retail, Textile and Tourism) via Public-Private Partnerships, Privatisations and Foreign Direct Investments recently. However, the

government was overthrown in a social explosion in 2011.

This social explosion (i.e. Revolution in Cairo at the beginning of Feb 2011) showed that the Egyptians were not happy about the present order and progress of the country. They considered all these liberal economic and political reforms as a part of an imperialist process towards the country and wanted to stop this unfair globalisation process with a social revolution. After the overthrow of the government in Feb 2011, the dictatorial regime in Egypt was finalized and the country took an important step towards democracy.

Which social values and ideas have played a key role in the Egyptians' revolution?

The Egyptian body politic who performed the revolution, mainly wanted to change 3 important things in Egypt. Firstly, they wanted to change the established imperialist order in the country (anti-imperialism). The idea of 'the resources of Egypt belong to Egyptians' stands behind this demand. Secondly, they wanted to make Egypt free about all decisions regarding the future of the country (freedom). The idea of 'Egypt must be governed directly by Egyptians from Egypt in democratic ways' stands behind this demand. Thirdly, they wanted a fair distribution of national revenues and wealth among the Egyptian society (social justice). The idea of 'Egypt must be a social welfare state and all people of the country must benefit from public services and aids with justice' stands behind this demand.



2011 Egyptian Revolution in Cairo's Tahrir Square



Informal settlements and squatters in Cairo

I can say that the ongoing westernisation process will be questioned and reviewed in the following years in the context of the new social values and ideas which are anti-imperialism, freedom and social justice in Egypt. So the question here rises: “How these new ideas and values would affect the future urban developments and planning policies in Cairo which is the cultural and political centre of the country.”

The impact of global concern for Cairo: Analysis

The new social values and ideas can affect Cairo in three ways in the first place.

Firstly, the new Egyptian government may revise the privatisation program which is still in force in the country in the next years. Cairo is the most affected city from this program in the country.

A nationwide privatisation program has been applied systematically since 1990 through many institutions in the country (i.e. The Ministry of Public Enterprise (MPE), The Ministerial Privatization Committee (MPC), The Public Enterprise Office (PEO) and so on). Many public economic enterprises in Cairo were privatized in the context of this program. However, the local residents of the city have reacted angrily to the full acquisitions of local public enterprises by private companies (mostly foreign companies) because they considered that after these acquisitions the prices of public services would be increased dramatically in the city. In addition, many Egyptian people named this program as a ‘plan to sell Egypt’.

Therefore, the existing privatization program can be reviewed by the government in the light of anti-imperialist values in the new era. However, it is not very rational to stop all privatizations in the country because the Egyptian cities need the support of the private sector very much today. For example, Cairo needs substantial infrastructural investments (i.e. telecommunication, transport, electricity, water, sanitation and so on) very much at the moment. Everybody in Cairo knows that the local government can not subsidize all these infrastructural

investments with its own public resources stand alone; so the financial power, know-how and experience of the private sector is required for the realisation of these investments. In this situation, I can say that the majority privatizations may be decreased significantly in Cairo but minority privatizations may be continued in the city in the next years. It means that the local government will only allow the sale of less than %51 shares of the public economic enterprises to private companies in the prospective privatizations. In this way, the majority share and the managerial authority of the public enterprises can continue to stay in the hands of the local government, not in the hands of the private companies. Thus, the infrastructural investments may continue in the city with the support of the private sector but the final decision for the distribution of public resources in the privatized public enterprises may be made by the local government. The prices of the delivery of public services and the living costs in the city can be maintained low in this way.

Secondly, the local city government may revise the current housing policy in Cairo due to new social values and ideas in the next years. Today, the 70% of the city population is living in informal settlements and squatters. The reason for this situation was the problematic housing policy that was followed by the local government in the last 3 decades (i.e. restrictions towards the private sector players with respect to the entrance of the local housing market, the efforts of the local government to develop social houses in the city with only public capital). The New Urban Communities Authority (NUCA) was established in 1979 under the structural body of the Min-



istry of Housing. The first objective of NUCA was to limit the development in the Nile delta and to promote new developments out of the old Cairo. The second objective of NUCA was to provide cost-effective housing units in a healthy and sustainable environment to low-income families in the city. NUCA developed many new towns in the suburbs of the city to achieve these objectives (e.g. Orabi, New Heliopolis, Al-Badr and so on). However, NUCA couldn't achieve its objectives in these new towns because the houses in these new towns were not affordable for 15 million residents from low-income class in Cairo. The residents had no financial power to buy a house from these new towns or to live in the houses as lease holders paying the mid-cost of living in these new towns. Therefore, these people preferred to build informal settlements and squatters mostly on the private agricultural lands and to live close the Nile delta in the old Cairo in the last 30 years. Unfortunately, today, people from low-income class are still building squatters especially on the desert land in Cairo! (no public services exist in the desert). More importantly, 2 million people are living in the cemeteries of the city in despair (e.g. city of the dead). This fact is evidence that a new social housing policy is a huge necessity for the city because people in Cairo need affordable houses, urgently.

Therefore, in the new era, in the light of social justice value, many social house units can be built in the city with the support of the private sector. These affordable houses will probably be built on informal settlements and squatters through urban rehabilitation and regeneration projects because of the strict urban growth limitations towards agricultural lands around the city. A construction amnesty regarding the informal settlements and squatters may also be discussed in the next years because the emergence of these illegal developments is an inevitable consequence of wrong housing policies and weak urban governance in Cairo.

There would be some invisible benefits of these rehabilitation and regeneration projects to the city in addition to their visible benefits (affordable housing units). For example, the security of neighbourhoods in the informal settlements is very low today because of the absent of authority in these areas. The approximately 80% of young people who are living in these areas are using narcotic drugs including marijuana, hashish and pills. These neighbourhoods were seen as illegal by the local government up to now so no public services was delivered to these areas. For example they are now deprived of many public services such as electricity, sanitation, garbage collection and so on. People living in these areas were caught diseases like Hepatit B and C because of these deprivations.



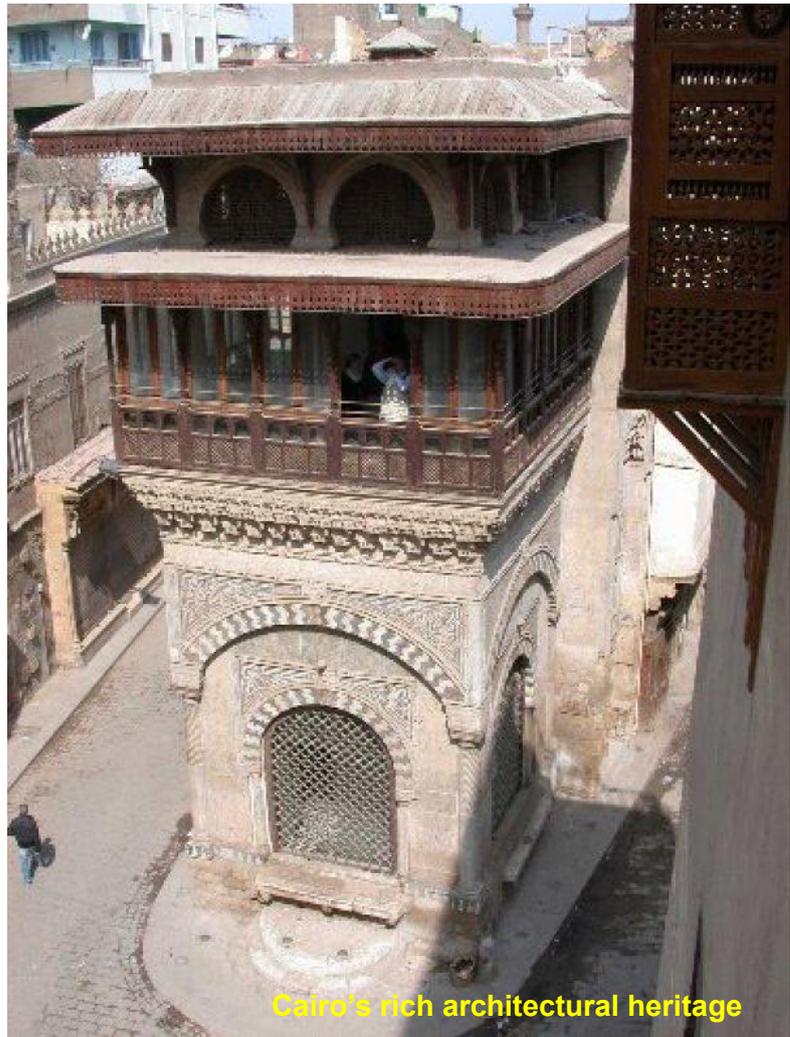
City of the Dead, Cairo

I should say that the only way to promote the revenues of the local government to regeneration and rehabilitation projects in the informal settlements is the application of democracy at urban level in Cairo. If the city governors ask their inhabitants 'what is important for you (what kinds of urban projects do you want primarily), urban projects towards low-income families will probably be settled in the front rank of the list. We all know that democratic local gov-

ernance is not an obstacle for the continuation of luxury mega projects in the city because the investors, developers and users of luxury mega projects are the people who do not need public resources for the realisation of their projects in any case. The country can take an important step forward to become a social welfare state thanks to run social democracy in Cairo.

Thirdly, the content and context of free zones in the city may be reconsidered due to the new social values and ideas in the next years. There are 2 free zones in Cairo at the moment (i.e. Nasr city public free zone and the tenth of Ramadan public free zone). The quality of the infrastructure is very high in these zones and they are also managed very well. These zones actually were established for two main purposes: to attract foreign capital and to increase export trade in the city. These zones have achieved their first purpose; they attracted many global investors into the city because incentives towards global investors were wonderful in the zones (i.e. no private and public tax, very low land rental and utility rates, etc.). However, these zones could not achieve their second purpose; they did not play an important role to increase export trade in the city. In contrast, they strongly encouraged import trade up to now (The trade deficit of Egypt was \$6.7 billion in 2010).

Therefore, in the new era, in the light of anti-imperialist and social justice values, the city governors can reconsider this one-way working trade system (only from the world to Cairo, not from Cairo to the world). The local residents of Cairo earn nearly nothing from these zones. More importantly, these zones are working against local manufacturers supporting import trade but limiting export trade. In this context, the prices of land rentals and the rates of utilities towards the companies operating in these zones can be increased; also some corporate and private taxes can be requested from these companies for the city's benefit in the next years. The companies do not leave these zones after the increases of taxes, land rentals and the rates be-



Cairo's rich architectural heritage

cause of the unique and significant geo-political location of Cairo. The revenues which will be gained from the increases can be used to support local manufacturers to export their products to other countries.

In conclusion, Cairo which was always an important and lively city throughout the history (the Kingdom of Egypt, the Roman Empire, the Byzantine Empire, the Islamic period) is ready to be a glorious city once again in this global age, based on the values of freedom and social justice. The beautiful girl of the Nile River can give 'culture' and 'civilization' lessons to the world again in the future as experienced in the past. **PR**

Note:

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