

# A comeback in Egypt for food vouchers and profiteers

By Zvi Bar'el

Until 1989 one could see long queues winding along the alleys of Cairo near neighborhood grocery stores. The people waiting in line were Egyptians wanting to cash in their food vouchers. Every family could purchase 20 subsidized food items at prices approximately 80 percent lower than market prices. This was also the heyday of the food profiteers.

The profiteers would "obtain" food vouchers either by fraud or by purchasing them from their owners, and would buy the subsidized fare and sell it on the open market. In the early 1990s Egypt's fortunes changed for the better. The relative liberalization of the market, the lifting of price supervision, revenues from tourism and a significant increase in available jobs all led to the lifting of the subsidies on most of the basic foodstuffs and of the original 20, only two remained: sugar and oil.

Then the next stage of liberalization arrived. Three years ago the Egyptian government decided to float the U.S. dollar/Egyptian pound exchange rate. The idea behind the flotation was to assist Egyptian exports. Over the years the value of the dollar climbed from about 3.5 Egyptian pounds (EGP) to the dollar to its current level of about EGP 6.7 to the dollar. Instead of increasing exports, however, this led to skyrocketing prices on the local market.

"The flotation of the dollar cannot replace the quality of the merchandise that the Egyptians want to export," says one Egyptian businessman. "China, Turkey, Thailand – they all understood that the quality, together with the price, make their countries attractive. Here in Egypt they continue to use old [manufacturing] methods and to rely on the huge local market."

Hassan Khader, Egyptian minister of domestic supply and commerce, offers another reason for the high cost of living in Egypt: "Almost 80 percent of the local rafalet is made from imported ingredients."

When asked why more agricultural products are not grown in Egypt, Khader replies that Egypt is

in a difficult situation in which it costs a few million EGP to convert an acre of land for agricultural use, with the majority of the cost going on irrigation infrastructure.

## Dangerous foment

In the past year the Egyptian government has sensed that the citizens' complaints over the high cost of living are reaching dangerous levels. Newspaper headlines directly attacked the prime minister and economics minister for the failure of the government economic plan and the absence of an assistance program, at least for the weaker sectors of the population. Cartoons on the plight of the poor quickly replace cartoons about the situation in Palestine or Iraq, and President Hosni Mubarak had to provide explanations of his government's economic activities. As usual, Mubarak promised to help the weaker sectors and ordered the government to find budgets to reintroduce subsidies for foodstuffs.

Egypt's total budget for 2004-2005 is supposed to be about EGP 177.5 billion, an increase of some 15 percent over last year. This sum includes over EGP 5.6 billion for the new subsidy program. The program covers the subsidy of basic foodstuffs – rice, pasta, cooking oil, lentils and fava beans.

From May, Egyptian citizens will again be queuing outside grocery stores to obtain the discounted items. Fifteen years after the food vouchers had almost disappeared, they are being revived. The Egyptian government debated the issue for four years and – after 160 discussions – concluded that food vouchers are the best solution.

Past experience has shown that other methods did not work or caused more damage than good. One method tried was the distribution of food parcels via charitable organizations. It turned out, however, that the directors of these organizations were stealing the foodstuffs to sell on the open market. During the trial period, which lasted a few months, there were over 30,000 police reports of fraud and irregularities. A direct payment of money to the needy appeared to be a solution that was more likely to spur inflation than help the families, and

a sweeping wage supplement was beyond the government's capabilities.

In interviews with the press the heads of the economic ministries (trade, economics, oil and supply) explained that this time the government would make every effort to prevent fraud and ensure that all the subsidized foodstuffs reach the needy.

To this end an extensive bureaucracy will be established, which, as a positive side effect of the subsidies will provide a few thousand jobs for inspectors, clerks, typists, warehouse personnel, drivers and others related professionals.

In a country in which half a million people join the labor market each year, this new industry has real value. Thus, for example, the government plans to use special packaging for the subsidized foodstuffs, in order to prevent their resale in the open market. Every package will bear a special stamp.

## Nine million eligible

Every one of the close to 50,000 grocery store owners who have been authorized to supply the subsidized products will have to fill out a handful of forms. Every one of the 9 million citizens eligible for food vouchers (which will aid about 40 million people) will be issued with a special form listing the products and the quantities for which he or she is eligible, depending on family status. Just the printing of some 10 million such forms will provide substantial revenue for several Egyptian printing companies.

At the end of the process, the individual citizen will enjoy a basket of subsidized products at 20 percent of their regular cost, with some guarantee that the products he receives are of good quality.

Another problem that has not yet been solved concerns the grocery store owners, who will now have to arrange storage space for the subsidized food parcels. They will also have to pay for the parcels in advance, even though there is no guarantee that they will be able to sell all the parcels.

One store owner told an Egyptian journalist that he knows there are about 750 voucher recipients among his clientele. This means

that from now on he will have to purchase 750 subsidized food parcels each month, at a cost of about EGP 24 per parcel. He says he cannot meet this expense, and there is no government assistance to help him pay for the parcels in installments or to defer the payment for them.

Another no less important question concerns the eligibility for the vouchers. One of the criteria, for example, states that only those who were eligible in 1989, renewed their eligibility annually and continued to receive subsidized food parcels over the years will be able to receive the new vouchers for the additional products. During the good years prior to the floating of the dollar/EGP exchange rate many Egyptian citizens preferred to forgo the vouchers and the long waiting in line for just a kilogram of sugar and a half liter of oil. Now they will not be able to receive the new vouchers.

In addition, some 18 million new citizens who have been born since 1989 were not registered for the family vouchers and will also not be able to receive the subsidized parcels.

Still, there are "enough" poor in Egypt to use up all the vouchers. According to Khader, all government workers and employees in the public sector in general will be eligible for the vouchers, as will all those receiving guaranteed income supplements, workers whose monthly income is less than EGP 200, seasonal workers, the elderly, widows and Christian divorcees who have not managed to obtain writs of divorce from their husbands.

Who, then, earns enough not to be eligible for the subsidy? Anyone who works in a foreign embassy or for the Egyptian diplomatic corps, anyone who owns more than 11 acres of land, business owners, anyone who earns over EGP 2,000 a year and pays income tax, employees of international organizations and anyone who owns more than one car.

The Egyptian Ministry of Trade and Industry estimates that only 12 percent of all Egyptian citizens will not be eligible for the food subsidy. This figure does not indicate the wealth in Egypt, which is held by less than 1 percent of the population.



A Cairo street. Nine million people will be receiving special food vouchers.

"We are in a situation in which we are talking about pulling out of poverty, improving the economic situation and increasing employment, while reality does not recognize these goals," says the Egyptian businessman. "After so many years we are being forced to return to the food vouchers and check who is poor. While the whole world is progressing, we are regressing."

This heartfelt argument, however, is not borne out by the data collected in a complex study conducted by Dr. Heba El Laithy of the

Economics Faculty of Cairo University for the World Bank.

This data shows that in the past decade poverty in Egypt has dropped from 20 percent of the population to 17 percent. This figure, however, cannot be adopted at face value because poverty has declined only in the urban areas, primarily in Cairo.

Alexandria continues to be the poorest city in lower Egypt, and there are immense gaps between the poverty rates in rural areas in the south of the country compared

to the north, between men and women and between the educated and the illiterate.

"The problem is not in the reports or the statistics published by the government," says the businessman.

"Even if we assume that all the numbers are correct and verified, which is doubtful, the feeling on the street is what counts, and the street cries out that there is poverty. This should trouble the Egyptian government and anyone who is worried about the stability of the state."

# 'The lines between good and evil have blurred'

Israel is increasingly looking like a banana republic, argues journalist Moshe Negbi in a new book that roasts several guardians of the law

By Moshe Gorali

"I wrote the book out of great emotional turmoil," says Moshe Negbi, the legal commentator of the Israel Broadcasting Authority (IBA). "Out of fear of this concentration of trampling the law and the terrible cheapening of human life. And what I find most frightening is that I'm not the only one who is afraid. There is a feeling that the legal authorities are also afraid and impotent, they don't want to fight the causes of this brutalization. Those who are supposed to stop the wave are turning into a part of it."

Negbi's new book, "Ki Sdom Hayinu" (We Were Like Sodom), subtitled: "On the slope from a law-abiding country to a banana republic," (Keter Publishing House, in Hebrew), will be published in the coming days.

The terrified Negbi has written a terrifying book. As "an obsessive collector of newspapers," as he puts it, he has collected in the book all the bad things that he has read, and about which he has commented, in the past decade: government corruption, the rise in organized crime, racism toward Arabs, the forgiving attitude toward rabbis who incite, violence in the family, violence in the army.

For Negbi, the red line was crossed when retired Supreme Court Justice Zvi Tal was investigated. The president who was investigated (Ezer Weizman), and two prime ministers who are being investigated as suspects (former prime minister Benjamin Netanyahu and incumbent Prime Minister Ariel Sharon), are only additional milestones on the slippery slope. "One doesn't turn into a banana republic overnight," he says. "But we are definitely headed in that direction."

He levels his sharpest criticism at the enforcement authorities, focusing on recently retired attorney general Elyakim Rubinstein. "He's a good guy, in the bad sense of the word," says Negbi, "not corrupt but corrupting. A decent and pleasant person who was lethal for the job, whose decisions afforded legitimacy to corruption. Not in order to placate someone politically, simply out of the goodness of his heart. Rubinstein criticized the over zealousness of [police] Major General Moshe Mizrahi. And I am saying this as someone who suffers from being too soft. I praise Mizrahi's over zealousness."

"And where was Rubinstein overly zealous? In the investigation of [Leora] Glatt-Berkowitz [the prosecutor who leaked the fact that Sharon was being in-



Negbi: "Elyakim Rubinstein was obligated to inform the public about the investigation of a prime minister, particularly before elections. By what right did he conceal it?"

vestigated in the Cyril Kern affair – M.G.] And here he didn't come with clean hands, because he was personally harmed by the leak. As attorney general he is the one who was obligated to inform the public about the investigation of a prime minister, particularly before elections. By what right did he conceal it?"

Rubinstein began his term as attorney general in 1997, after the affair most identified with corruption of the civil service, the Bar-On Hebron affair, which primarily involved the appointment of an attorney general who was put forward in the interests of someone suspected of criminal wrongdoing. Negbi quotes a senior prosecutor, who after the fact regretted that the affair was exposed, and said that "until that happened, we could assume and hope that criminals are afraid of exposure and identification, and that perhaps this fear would stop them; now – when they have been exposed and identified, and nothing happened to them, neither in criminal terms

nor on public and social terms – even this small amount of fear has disappeared." Rubinstein himself chose not to respond.

In Negbi's opinion, this disappearance of fear, and even more, the disappearance of shame constitute the greatest danger, and he thinks that the Likud Central Committee is the embodiment of the process. "When the targets of intelligence probes openly trade in Knesset seats," he says, "that's the greatest danger. These people choose the state complicit and the judges. And as usual, what do we deal with? With petty matters. With MK Naomi Blumenthal [a former Likud deputy minister who was involved in election corruption] who is the small change under the street lamp. That's not the real threat."

## Democracy is dying of fear

Negbi does not spare the courts, and doesn't hesitate to use the term "the brutalization of the courts." Following are sections of the indictment, the defense

attorney's speech: "The value of life is less important than materialistic values. Etti Alon [convicted of embezzlement from a bank] got 16 years in prison; when has a rapist received such a punishment? We tend here to elevate judges and to dwarf politicians, and here it was the politicians-legislators who determined a moral and correct scale for punishment of crimes against life, body and soul, whereas in the courts you find an opposite scale.

"[Recently retired Supreme Court Justice] Dorner excelled in the wholesale release of murderers and people guilty of major violence. Restraining orders are not worth the paper on which they are written, and the judges, by issuing such orders, are in effect allowing women to be killed. Justice Shamgar spoke of the rights of the victim and about defective plea bargains. Suddenly I read that everyone is pressuring for plea bargains. I understand pressure to conclude civil cases, but criminals must be punished with the full force of the law."

Negbi's five heroes are justices Meir Shamgar, Aharon Barak, Yitzhak Zamir, Dorit Beinisch and Mishael Cheshin, whom he sees as models of strict and proper law enforcement. Negbi was Cheshin's intern for two years, when Cheshin served as the director of Supreme Court appeals and deputy attorney general, in the mid-Seventies.

Negbi's writing excels in harsh, merciless rhetoric. He chooses particularly penetrating words and often uses the description "malignant." "Malignant forgiveness," "a terrible and malignant message," "malignant and infuriating foot-dragging." The description "Mafioso" is common, and faithfully accompanies the deeds of former head of Shas Aryeh Deri, and his ilk. He is a fan of emphasis through use of two words with the same root: "the shameful practice which also causes shame," "lawless mercy that brings about lawlessness," "the most corrupt and corrupting politician in the history of the state" (in his opinion Deri, of course). Even the names of the chapters hit one over the head: "A perfect murder, which was worth carrying out – the rule of law and democracy are dying of fright," is the title of the eighth chapter, which deals with the murder of former prime minister Yitzhak Rabin.

"That's how I've always written," says Negbi. "One shouldn't prettify reality. If you don't speak at high volume, you won't be heard. It's ringing the alarm bell. The rabbis who are responsible for

the murder of Rabin are still walking around free, and they are more dangerous bombs than [assassinated Hamas leader] Sheik Yassin. The failure to deal with them broadcasts a malignant weakness. The truth must be told, just as a cancer patient must be told the truth. The rule of law and democracy is in a terminal state here, and the way to a cure is to admit that there is a disease."

**Is there a cure at all?**  
Not really, he says. "Maybe on the personal level: If other people, with a different way of thinking, head the system. I will be very happy if [recently appointed Attorney General] Meni Mazuz reads the book."

At present, commentator Negbi is calling on Mazuz, on his radio programs, to give decisive weight to the state prosecutor's recommendation to indict Prime Minister Ariel Sharon. He has a recommendation regarding the appointment of the state prosecutor as well: "It's important that it be a person who is overly zealous. The tools for punishing criminals exist. Someone has to use them. A person like Mordechai Kremnitzer. I would be happy to see Miriam Naor as attorney general. Everyone is making a fuss about the harsh expressions attributed to her in the ruling against Aryeh Deri in the district court. It's good that things were put like that. If a person has done a despicable thing, that should be written."

## From prison to center stage

Negbi can be categorized as a zealot, a man of black and white, a fire and brimstone preacher. As such, he is a determined opponent of plea bargains and compromises. "One can't build a country on rotten foundations," he declares. "I'm not willing to whitewash, not for the sake of security and not for the sake of peace. Deeds do not justify all means. One can make political compromises, but not ethical compromises."

He is almost always strongly opposed to letting people off, to the point where one gets the impression that he thinks the only job of the courts is to convict. Negbi denies this: "I'm in favor of letting people off if the facts have not been proved, but I'm opposed to doing so when the reasonable doubt touches on the emotional basis. I don't accept the forgiving attitude of the judges toward public figures, especially those who claim that they weren't aware that the money went into their bank accounts. Do you think they would accept the argument of Buzaglo [an Israeli Sephardi John Doe] that he thought the white substance found in his car was sugar?"

Among those responsible for the deterioration Negbi includes the media, which he says are becoming increasingly corrupt. In the past, he says, the media knew how to distinguish between the good guys and the bad guys: "Barak [now Supreme Court president] as attorney general, and Shamgar in the Supreme Court in the 1980s, couldn't have cleaned the stables in cases of government corruption, without the backing of a supportive media, which saw the attorney general as a hero, and the corrupt people as villains. That the right order." Today, he says, the media distort the proper order, and worse. "Criminals even become cultural heroes here. Sarah Angel writes and is interviewed everywhere. Interviewers run after Ze'ev Rosenstern. Rahamim Oshri, who murdered two men, appears as a commentator on Supernews. The lines between good and evil have become blurred. That's part of the same cynical brutalization. There's no more shame. Deri returns from prison to center stage, popular and strengthened."

Negbi prefers to express himself cautiously about mass-circulation daily Maariv. He knows that every word of his will be examined with the magnifying glass of attorney Dan Avi-Yitzhak. But he has decided not to ignore the newspaper that fired him. "At least one newspaper is controlled by a family with members who have been convicted of criminal behavior, and there is presumably a chance that the newspaper will be used to settle accounts with the system that confronted them."

He believes that there is legitimacy to the view of some Maariv employees, who believe that the lesson to be learned from the Nimrodi affairs [the Nimrodi are the owners of Maariv] is that support of the rights of suspects vis a vis the establishment should be strengthened, "but the moment that it is directed by someone who has a personal account to settle, even a legitimate message is less effective."

One of the brilliant ideas in the book is the photograph on the cover: an orange, half of which has a healthy orange color, with the other half green and moldy. When it comes to oranges, the process is one way, and there is no possibility for the healthy part to overcome the diseased part. We must hope that in human society, the rot can be stopped. Negbi, it seems, believes that we are closer to the situation of the orange, which is even worse than the situation of Sodom, which is mentioned in the title of the book. Sodom, at least, had a chance of being saved.