

# Market mechanisms and spontaneous urbanization in Egypt:

the Cairo case\*

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Urbanization processes in third world<sup>1</sup> cities have led to the emergence of novel forms of land control and housing production. Concepts such as marginality, underintegration and squatting have been used to identify certain types of production. But these concepts have tended to create a distinction between two forms of production – one illegal (seen as transitional) and the other state controlled – and have underemphasized the interrelations between them. It is in fact the ‘transitional’ form which has proved most long-lived and has expanded to become the form of housing production used by the largest number of people.

In many towns in Mediterranean countries, the proportion of residents living in spontaneous or ‘underintegrated’ neighbourhoods continues to grow unabated.<sup>2</sup> This is evidence of a process of exclusion which affects not only new rural migrants and the temporary or permanent unemployed, but also industrial workers, clerical workers, civil servants and teachers. In other words, it is a process affecting both the lower social strata and the middle strata with regular incomes. While these strata are unable to afford housing available on the market which is built to conform to planning and construction norms, they are advantageously placed in other spheres of consumption.

To this variety of social strata there corresponds a diversity of forms of reproduction. The so-called illegal land and real estate market is differentiated not uniform. It consists of invaded land which will be used for self-built housing, private plots of ambiguous legal status, apartment blocks for rental, small scale production of rental property often linked to capitalist property development; not

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<sup>1</sup> This shorthand concept is used here for convenience – and without its normal disciplinary meaning; its use is no longer obvious especially in urban analysis which cannot be ahistorical and hence make do with a concept describing a dated situation.

<sup>2</sup> Ankara, Algiers, Tunis, Rabat-Salé, Athens and Cairo (Ackçura, 1982; Zécou, 1981; Zniber, 1982; Chabbi, 1981). In Ankara 50% of the population live in the *geçekondu*, at Rabat and Tunis, this figure is over 30%, at Cairo it is only 20% but spontaneous housing represents 70% of annual production. In Athens 33% of the population live in spontaneous housing in the urban periphery.

to mention the different variants existing in the old town centres: subdivided apartments in disused and slum buildings, shacks on empty land.

These various forms of production are the creation of a multiplicity of actors: different categories of controllers of land ranging from the small landowner to the commercial subdivider, owners of patrimonial and commercial capital seeking to expand it, building tradesmen, building firms, water and sewerage construction firms, building credit associations,<sup>3</sup> various service providers, and finally the public authorities who arbitrate, legalize and give agreement by doing nothing.

The forms of production listed above coexist, combine or substitute for each other within a single town and within a single spontaneous neighbourhood. The shift from one form to another takes place imperceptibly. Hence a plot which is initially squatted and where the dwelling is self-built or built to the final user's requirements can:

at any moment enter the sphere of commodity circulation, by being rented or sold; at any moment a speculative process can be grafted on, transforming a relation to the land and to the dwelling of consumption to one of distribution . . . thereby giving rise to capitalist real estate development (Coing, 1977: 304).

Hence the need to study these forms of production dynamically in order to grasp their interrelations with the land and real estate market as a whole in order to determine at what moment a qualitative change occurs; for these changes are not caused by internal factors: 'it is the housing situation as a whole of a city which determines them, since the housing submarkets of a city form a system' (Coing, 1977: 304). In this paper, we do not attempt to analyse in detail the complex articulations between the different segments of the housing market in Egypt, but rather seek to tackle them in a general way at the level of the agglomeration of Cairo as a whole, and then through a case study of the spontaneous neighbourhood of Arab El Guesr.

## **I Cairo**

With between 10 and 12 million inhabitants, Cairo is one of the largest cities of the world today. The administrative and industrial capital of Egypt, it contains over 23% of the total population, 40.7% of the labour force in the secondary sector, and 57.8% of the labour force in the tertiary sector.

Two parallel processes have contributed to the rapid growth of Cairo in the last 30 years: one can be described as legal because it is planned and controlled by the state, the other though illegal, geographically peripheral and labelled 'spontaneous urbanization', is nevertheless the more important of the two from the point of view of the production of housing. Between 1973 and 1978 nearly 76% of all dwellings built were located in the spontaneous urbanization zones, and these

<sup>3</sup> As in Sao Paolo: these are popular credit associations for the purchase of construction materials and housebuilding (Goreki, 1982).

zones housed 1.6 million people (25% of the population of the city)<sup>4</sup> and covered 2921 ha (16% of the city's residential land). In order to avoid confusion let us make clear that the illegality of this spontaneous urbanization does not refer to any weakening of property rights. This housing is not built on squatted land; the land has in fact been legally purchased. It is its change of use which is illegal. The land concerned is agricultural and is in very short supply (only 4% of all land in Egypt is cultivable). In addition, it has to support the residential population and all economic activity. Arising from this initial illegality there develops a variety of violations of building and planning norms.

It is the conjunction of these three factors which best defines spontaneous urbanization zones: building on land where it is prohibited and the failure to respect building and planning norms. But each of these factors can also be found in the legal sector; in this case, however, they are authorized by exemptions. For example, exemptions are granted to allow real estate developers to exceed the legal land-use density limits, and to allow state construction on agricultural land.

What logic underlies spontaneous urbanization? The basic point is that the cost of land in urban areas, if state norms regarding the width of roads, land-use densities, sewerage and water supplies, etc. were adhered to, would be so high that only a minute minority of the population could afford to rent or own an apartment.

The solutions implemented by the state – the tapping of salaried workers' savings, the granting of subsidized loans to cooperatives, the production of dwellings at moderate rents – cover only 10–15% of annual house production. But nepotism, clientilism and the formal selection criteria used mean that even these dwellings rarely go to those really in need. The poorest groups live in slum areas in the old city, and the very poorest squat in cemeteries and terraces of blocks of flats. The spontaneous urbanization zones hence represent the sole response to the massive housing needs of the middle classes. They also allow small and medium-size building enterprises which can only obtain access to the market via subcontracting to develop without such ties and become involved in capitalist type of production (i.e., where the labour process is repetitive).

This process of exclusion of consumers and producers has accelerated over the last 10 years. We now examine it in relation to the division of urbanization tasks between the various actors.

## **II The articulation of the subsystems of the land and real estate markets**

The last decade has witnessed major transformations in the land and real estate markets in Cairo. These include:

a) A withdrawal by the state from the production of subsidized housing for the intermediate and lower strata of the middle class.

<sup>4</sup> These figures are based on an analysis of satellite photos, the 1976 census, and case studies of the 19 largest spontaneous housing areas in the greater Cairo agglomeration.

- b) A restructuring of the private sector which has shifted from the 'diversified' production of villas and small groups of dwellings, to the production of large estates of apartment blocks.
- c) A shift in the location of small scale market production and small scale real estate development from central to peripheral areas.

These three developments are to be understood within a context of economic, political and social change. The introduction in 1973 of a policy of economic liberalization triggered off the disintegration of the public sector. Then the migration of workers to the Arab oil-producing countries led to a redistribution of oil revenues via the remittances of the three million Egyptians involved in this wave of migration. This had inflationary effects in all consumption sectors. Last and most important, was the emergence of a new phenomenon, as the basis of the Egyptian economy shifted from production, of whatever form, to the search for rent, both by the state and by individuals, via the spectacular growth of land and real estate speculation.

We will now attempt to identify the main agents in the control of land and of house production in order to determine the overall logic underlying their actions.

### 1 *The state market*

This market is a recent one which developed from the 1960s onwards following the nationalization of the construction sector and of land and real estate development. It has not replaced the previous private rental market, which has survived on the fringe of the nationalized sectors, but has rather deflected some demand from this sector via the implementation of highly subsidized programmes of social housing. But the state market is not only directed at the poor and the low income strata; it also offers various types of response to the needs of the intermediate strata such as civil servants, public sector clerical workers, army officers and liberal professions. These social categories were favoured by the public and parapublic sectors, since they constituted the social base of the state. Moreover, since wage levels were extremely low, direct and indirect interventions in the housing field have reduced the proportion of household incomes devoted to housing, and thus constitute a wage supplement. These interventions include reduced price building materials, very low rents, cheap loans and the provision of equipped land (for cooperatives), longterm loans for owner-occupiers, rent control in the private sector, and the building of housing estates on state land. One very important fact is worth emphasizing: the Egyptian state is absolute master of land since it owns 96% of all land (mostly desert) enabling it to keep house production costs down by reducing land costs, since its construction projects are mostly located on its own land.

The development of this state market, which virtually monopolized large scale real estate development (eight companies in Cairo, including three concessionaires) put a brake on the expansion of the private sector which is limited to small scale real estate development (e.g. blocks containing a few dozen

apartments) aimed at high income groups. Besides, the rent freeze and rent control measures which sought to channel private investment towards industry by reducing developers' profit margins, constituted another obstacle to the development of the private sector.

From 1973, however, economic ultra-liberalism took over from 'Nasserian socialism'. The announcement of this new policy whose aim was to stimulate local capitalism using Arab capital and western technology, led immediately to an explosion in land prices, which multiplied between 10 and 30 times according to the location. This was a necessary consequence of the fact that capitals invested preferentially in fields free of risks and where profits were easy and rapid, viz. land and real estate in the broadest sense: residential building land, leisure plots, luxury housing administrative buildings, hotels, etc. The necessary demand was provided from three sources: migrant workers whose savings constituted between 40 and 60% of their petro-dollar incomes, social strata enriched through the lifting of controls on the import-export sector, and foreign companies and their local and foreign staff.

The increase in land prices was accompanied by a shortage of labour in the construction sector due to the haemorrhage caused by emigration – which led to the loss of 60% of the employees in this sector. The increasing cost of imported materials relative to the cost of locally produced materials subsidized by the state also contributed to increased construction costs.

What was the state's attitude in the face of this new situation which it had helped bring about? And what was its overall impact on the land and real estate markets?

The new state policy marked a total break with past policy. The state created and put into place the instruments for the extension of capitalism, both foreign and local, but in particular it started to act as a capitalist agent itself. Thus, for example, the public land and real estate development companies started to set up 'joint ventures' with foreign capital, contributing equipped land as their share of the fixed capital. These new 'mixed' companies started to invest heavily in condominium dwellings sold on credit over three years. They thus shifted their output towards high income earners, and withdrew from producing rental housing for middle income groups. Public building and public works enterprises also became associated with local and foreign private firms: their production methods became relatively industrialized through the introduction of new plant on construction sites (cranes, cement mixers) and the use of new construction methods, e.g. sliding shuttering, prefabrication of heavy components, use of sandwich panels for facades.

The rationalization of production in the construction sector reduced the scope for middle-sized firms to take part in large projects carried out by the state. On the other hand, the state promulgated a number of laws seeking to facilitate the profitability of capitals invested in the real estate sector: tax exemptions for developers building a mosque on the ground floor of an apartment block, customs exemptions on imported building materials and plant. These explicit

laws were accompanied by an unprecedented laxity towards the appropriation of land equipped by the state by large local capitals and urban notables. The primary beneficiaries of this policy centred on 'preferential aid to accumulation' by large capital, are the real estate investors of the private sector.

## 2 *The private sector*

During the 1960s the private sector consisted of small and extremely dynamic developers, who were active in the building of blocks of rental housing and villas for the wealthy and for a fraction of the middle class. The measures taken to regulate rent levels and to ration building materials led to a vast black market and the illegal receipt of (undeclared) 'key money' payments by the developers. Vast fortunes were thus accumulated by dubious means, with economic liberalization guaranteeing developers access to a highly profitable investment sector.

The increase in land values and construction costs led to a process of 'selection' among the ranks of both developers and entrepreneurs:

a) Developers were restructured into 45 large development and building companies of the 'builder' type.<sup>5</sup> These launched themselves into the production of tower-block complexes including car parks, leisure and shopping facilities, administrative buildings and hotel and tourist complexes. Profit margins were maximized by setting high prices, and reducing the period for which building loans were necessary through a system of preconstruction installment sale. These developments were aimed at groups with very high incomes (e.g. those with incomes from speculative and illegal activity), returned migrants with high incomes, and employees of foreign companies and banks. The scale of the possible profits was so high that supply exceeded demand, with the 'best areas' of Cairo today numbering 523 000 empty apartments (according to preliminary results of the 1986 Census). But the large development companies were able to restore their fortunes through commercial, industrial and tourist projects where there was no shortage of demand.

b) The second category of private sector agent consists of small investors, building tradesmen and small artisanal firms, carrying out small scale works, and was the first 'victim' of these transformations. For these groups agricultural land in the urban fringe is a vital issue. In these areas pirate subdivision is spreading which absorbs the savings of the various categories of labour migrant. They too benefit from the laxity of the public authorities who thereby abandon their responsibilities to the majority of the population.

Three principal types of private agent operate in the urban fringe land market:

i) Small and medium-sized peasants who benefited from the 1952 agrarian

<sup>5</sup> The term 'builder' refers to integrated development organizations which ensure the financing, promotion, technical studies, building and sale of their real estate projects. None of these functions is autonomous, and the building function is dominant (Topalov, 1974: 172).

reform who see that the income obtainable from using land for building is much higher than that obtained from its use for agriculture, and who engage in land sales on a large scale.<sup>6</sup> In this way they respond to the high demand deriving from labour migrants who want to invest their savings in a safe asset in order to invest later in rental housing.

ii) Professional subdividers who were originally small developers or builders and who got into difficulties, and for whom speculative activity is more profitable since it requires little prior capital.

iii) Subdivision companies created through diversification by small import/export firms or medium-size construction firms.

These three types of private agent seek to meet the demand for land by people from various social strata. The size of the parcels of land and the mode of payment vary according to the type of subdivider and the market being aimed at. The dwellings built also vary according to the type of developer and the source of capital. They range from flimsy huts to medium prestige blocks with several storeys.

The following case study will illustrate the urbanization processes involved.

### **III The development of a 'spontaneous' neighbourhood: Arab El Guesr**

Arab El Guesr is administratively part of one of the sectors of Cairo which has been most affected by spontaneous urbanization. Having experienced an average growth rate of 10.2% per annum between 1960 and 1976, this sector as a whole accounts for 75% of the illegal subdivisions in this period.

Situated 14 km north-east of the centre of Cairo as the crow flies, Arab El Guesr has an area of 344 ha and a population of 250 000. Historically, it is improved desert land which was bought from the Egyptian state in 1902 by an Italian company, Lévy Brothers who acquired 254.1 ha, or 75% of the total area. The rest was split among various owners who included members of the reigning family (under the royalty period ending in 1952). It is the land purchased by Lévy Brothers which was later to be the object of major conflicts.

In 1929 the company subdivided the land and sold it on an installment plan; the land changed status but its use did not change – it remained agricultural land until 1949. In 1939 the planning department intervened to measure out plots of 990–1300 m<sup>2</sup> and avenues 10–20 m wide, in conformity with the company's plans. The salaried agricultural workers of the company, who exploited small plots as tenants, and the sharecroppers and farmers of the large landowners lived in a village in the southwest corner of the neighbourhood, a village which still exists today. One may wonder why the purchasers who bought plots from the company did not engage in speculative construction immediately. The answer is probably

<sup>6</sup> The system of region-wide crop rotation, and the marketing of cotton and cereals, both controlled by the state, work against the small agricultural owners. In our view this is one of the major factors causing small peasants to sell their land.

that its situation on the old Cairo-Suez railway line meant that it had no particular attraction. As for the relations between these purchasers and the agriculturalists, it appears that the latter were allowed to continue to pursue their agricultural activity in exchange for a rent.

The 1948 war in Palestine had two major consequences in our study area:

a) The bedouin from the Sinai, driven out in their hundreds and attracted by the Egyptian capital, found refuge in Arab El Guesr given that it is located on the road to Palestine.

b) The first wave of Egyptian Jews leaving Egypt included purchasers of plots in the area. The owners of these plots thus became absentee-owners.

The independence of 1952, which led to the Egyptization of companies almost all of which were foreign owned, and the nationalizations of 1960, were to reverse the previous pattern of ownership.

### 1 Modes of land appropriation

Ownership of land whose owners had left and whose direct heirs had not claimed it reverted to the Egyptian state. However, numerous legal or quasi-legal transactions took place subsequently turning village agriculturalists into *de jure* and *de facto* owners. Certain of them were able to take advantage of their right to 'prescriptive ownership' – having occupied the plot for an uninterrupted period of 15 years. Others took advantage of the sudden departure of the owners and were able to buy large areas of land at low prices – the shrewdest forged contracts of sale and engaged in claims against those departed owners who had left without registering the transaction. Through a multiplicity of legal means, the village notables, the sedentary bedouin and other categories of squatters succeeded in regularizing their situation by systematic deceit, and taking advantage of legal ambiguities and the pusillanimity of the public authorities. As a result, it is difficult today to distinguish precisely between the true purchasers and the fraudulent.

Seven major categories of landowner have been involved in the subdivision and sale of land since 1949.

**Table 1:** Subdivision agents of Arab El Guesr

| Category   | Area acquired (ha) | Proportion of total area |
|--|--------------------|--------------------------|
| Village notables   | 112.0              | 39.0                     |
| Professional subdividers                                   | 67.2               | 23.5                     |
| The Abassiri family  | 50.4               | 17.6                     |
| The villages association<br>(migrants from southern Egypt) | 1.4                | 0.4                      |
| Sinai bedouin  | 52.0               | 18.5                     |
| Subdivision companies                                      | 3.0                | 1.0                      |
|  | 286.0              | 100                      |



## 2 *The urbanization process*

We will approach this subject by distinguishing three periods, and demonstrating the changing actors and relations between actors involved.

The period 1949 to 1960 is marked by the start of the land development works which led to an increase in the value of land in Arab El Guesr and an increase in its absorption capacity. The Cairo-Suez railway is moved and replaced by a national highway, allowing access to the land in the southern part of the neighbourhood. The building by the state of an estate of middle-status dwellings in the eastern part, served by public transport, and the building of a suburban railway station 1.5 km away, make Arab El Guesr more accessible from the centre of Cairo.

These changes led to a tripling of land values between 1950 and 1960. However, the owners decided not to sell, preferring to secure their grip on the plots they had acquired, and distribute them among the members of the respective communities. While awaiting a favourable conjuncture, many owners built flimsy huts in dry brick and let them at 80 PT per month, i.e., the equivalent of four days wages for a building worker. These huts occupied only a small part of the area; agricultural activity – cereal production, market gardening, etc. – remained more profitable.

The few subdividers who failed to have their appropriation of the land legalized, subdivided it and sold it rapidly. In our sample of 40 purchasers, four say they bought their plots in this period. The plots involved were quite large – from 250 to 600 m<sup>2</sup>. Such plots were larger than necessary to meet the immediate needs of the purchasers, who were of modest origins, and they used the surplus of land as a land reserve. Bear in mind, finally, that the subdividers as a whole respected the subdivision plans drawn up by the Lévy Brothers, since the subdivisions lay within the zones market out on the Lévy plan.

In the period 1960 to 1972, the area around Arab El Guesr becomes urbanized very rapidly, improving its access to infrastructure (roads and other networks) and sociocultural facilities (schools, mosques, churches). To these changes in the environment some broader political and economic factors can be added:

a) The arrival in successive waves of 175 households who migrated from southern Egypt. They consisted mainly of building tradesmen and semi-skilled building workers, who found themselves without work after the completion of the most intensive phase of building the High Dam.

b) The installation of rudimentary urban services (public water fountains) following the public authorities decision in 1968 to legalize spontaneous neighbourhoods.

c) The influx of migrants evacuated from towns in the Suez region after the 1967 war. The location of the area on the main road between Cairo and the Suez region made it a major reception area for middle income groups from these towns.

Several conditions had thus to be met before a major process of subdivision

and land sales to get under way. Four types of landowner-subdivider were involved: professional subdividers, the heirs of the Abassiry family, the village notables and the subdivision company. Together, they sold 8000 plots, of between 80 and 250 m<sup>2</sup> in this second period. The decline in size of the plots sold compared to the previous period is due to the increase in land prices and the fact that the buyers were drawn from the low income strata.

Among the 26 purchasers in our sample who had bought land in this period, building entrepreneurs and building workers were in a majority (38%). They were followed by civil servants (23%), artisans and artisan/businessmen (22%), university professors (4%), teachers (4%) etc. Of the 26 purchasers, three (11.5%) made use of artisanal firms to build three to five storey blocks of rented dwellings. Construction was financed via patrimonial capital or from the sale of a property. The remaining 88.5% built on their plots gradually, room by room, storey by storey. Let us examine this process more closely in order to see how it evolved after 1973.

Unlike shanty towns which are often built by the final occupier, in the Arab El Guesr area the actor-consumers are also small developers. At each phase of the construction process they place all or part of the building for rent. Thus the owner of a plot may have a ground floor built by a mason room by room, and occupy one room himself, renting out the others. After saving for several years he will have the first floor built, relying on a private firm to provide the reinforced concrete slabs. This process can extend over eight to twelve years, and allows three storeys to be built. This period can be reduced to only two to three years or even a few months if returned migrant workers are involved, as in the third period.

It is in the period 1973 to 1982 that Arab El Guesr undergoes the most spectacular changes. The dry earth huts disappear from the edges of the 10 to 20 m wide roads and are now only to be found in the interstitial and peripheral areas. Fronting onto the main roads or on the edge of the area there are many large blocks of up to eight storeys, quite well built and equal in appearance to those of the legal sector. Inside the area, the average height is three to five storeys, but the blocks are produced by the same construction method – a concrete frame filled with brick and breeze-blocks. Land prices in this period undergo a vertiginous increase – from LE 25 to LE 70 per m<sup>2</sup> (and reaching LE 150 on the national highway) (LE 1 = 80p).

How did these transformations take place and what types of agent were involved?

*i Developer-entrepreneurs* This group consists of second generation Sinai bedouin and village notables – who by now had become medium-sized entrepreneurs controlling firms with 10 to 25 employees. They are involved in various ways in this period:

a) As developer-entrepreneurs taking charge of the prefinancing and financing of the building of blocks with several storeys, on sites belonging to them fronting

onto main roads. They are thus able to realize superprofits based on location and innovation. The increased building costs are passed on in higher rents for the doctors' consulting rooms and businesses opened in their blocks. The 'key money' and advances on rents demanded from the tenants put these blocks beyond the reach of social strata without accumulated resources.

b) As entrepreneurs taking charge of the prefinancing and financing of the building of small three to five storey blocks on sites not belonging to them, but belonging to owners who had not finished paying off the cost of the plot and who could not finance the building process. In this way they take control of the production process from these landowners and are responsible for the marketing of the dwellings until the landowner's debt is paid off.

c) As suppliers of building materials, as producers and distributors of tiles and sanitary fittings, etc.

d) As renting out huts located on their land reserves.

This form of capitalist production accounts for 30% of all cases in the area. Its emergence in the spontaneous urbanization zones is inherent in the shift from small-scale commodity production to capitalist production in the various housing submarkets in Cairo.

*ii Owners of plots* These are of two types, distinguished by the origin of their construction finance.

a) An owner who has worked in a neighbouring Arab country, pays an artisanal building firm to complete the construction of a three-storey block started in the first or second periods, i.e., before 1973. He keeps an apartment for himself in the block.

b) An owner lacking savings deriving from having worked abroad faces a choice between relying on large firms offering mortgages, of thereby losing control of the production process, and getting the future tenant (often a returned migrant) to bear part of the cost of prefinancing and financing of construction. In this unusual system, it is the future tenant who pays in cash for the construction before moving in and obtains in exchange only a temporary usufruct, corresponding to the initial investment and varying with the level of the rent.<sup>7</sup>

This arrangement between owners and tenants is closely related to the system of installment sales practised by big development companies. In the latter case,

<sup>7</sup> An owner can make vertical extensions to a one-storey dwelling. The costs of construction of a 40 m<sup>2</sup> apartment, with brick walls and wood floors, was LE 1000 in 1981. The planned rent for such a unit was LE 10 per month. At the same time, a person with savings of LE 1000 might be seeking a dwelling in the zone. Agents direct him towards such owners seeking finance. The sum paid by the future tenant covers rent for almost eight years. Alternatively, this period can be extended to 16 years if the tenant pays only half the normal rent, i.e., LE 5 per month. With inflation at 30% per annum, the tenant becomes virtually a co-owner due to the low level of the rent but legally speaking he is not since the ownership of the land and walls remain undivided. (The laws on rent control which remain in force in Egypt fix rents once and for all: rents are based on 15% of the cost of land and building costs.)

the commercial capital of the developer is reduced to an initial advance to allow the purchase of the site or to pay for the architect; the postfinancing capital thus becomes the major part of the commercial capital and the developer has only to adjust his flows of income and spending. The developer thus makes a profit on a capital which does not belong to him and for which he does not even pay interest.

The difference between this case and the one we have described in Arab El Guesr is that the share of profit of the owner is minimal, unless one considers the sum advanced by the tenant as 'key money' – i.e., a nonreturnable entry payment which allows the owner to recover the increase in land cost and reduce to a minimum the commercial capital invested in construction. This type of practice started to become common in the area from 1981.

This type of financing is used in 50% of all cases in the area. It has the advantage of overcoming the difficulty of obtaining a bank loan, and is available both to landowners and entrepreneurs. Savings arising from labour migration have acted as a construction loan, and one which is interest-free and often nonrepayable. Labour migrants who possess such savings have the choice between this solution and the purchase of a site in an area further from the centre where prices are lower – the only drawback being that they will have to wait years while their savings take the form of 'stone'. In an area like Arab El Guesr, on the other hand, which is relatively well equipped, they can obtain a completed dwelling.

The extension of capitalist relations of production and the emergence of speculative practices in the spontaneous urbanization areas mean that spontaneous urbanization spreads by leaps and bounds into agricultural land in the urban fringe, because the population without prior savings is increasingly excluded from the existing built-up area. In this way the process becomes cumulative.

### 3 *The residents of Arab El Guesr*

The social composition of the residents of Arab El Guesr reflects the evolution of patterns of popular dwelling production,<sup>8</sup> a segment of which is aimed at better-off strata. The population of Arab El Guesr is diverse in social terms and in place of origin: 40% are recent migrants, 17% come from nearby villages and the old city, 30% were born in the area and 12% come from neighbouring urban sectors.

Our sample of tenants, while limited in size, is a faithful reflection of this social composition (see Table 2).

### 4 *Collective facilities*

Although the majority of spontaneous urbanization zones have a total lack of urban services and sociocultural facilities, this is not the case in Arab El Guesr.

<sup>8</sup> The notion of 'popular form of production' refers to those forms of housing production which occupy the gap between state production and modern capitalist production.

**Table 2:** Socio-occupational categories of tenants

|                                  | Number | %    |
|----------------------------------|--------|------|
| Artisans and artisan-businessmen | 5      | 12.5 |
| Service sector workers           | 7      | 17.5 |
| Taxi drivers, caretakers         | 4      | 10   |
| Building workers                 | 5      | 12.5 |
| Industrial workers               | 4      | 10   |
| Entrepreneurs                    | 0      | 0    |
| Civil servants                   | 3      | 7.5  |
| Managers                         | 6      | 15   |
| Engineers, doctors               | 2      | 5    |
| Army officers                    | 1      | 2.5  |
| Others, retired                  | 3      | 7.5  |
|                                  | 40     | 100  |

Mains water supplies and sewerage pass close to the zone and this has allowed some illegal connections to be made. The pirating of these networks is carried out by entrepreneurs subcontracted by the National Water and Sewerage office who use their access to plans of the network layout to decide where to make connections. These operations are paid for by tenants and owners who pay the costs of the necessary fittings and get entrepreneurs to buy pipes of the right size and carry out the work in association with a technician employed by the official body. Since the costs are based on the linear metre, the parts of the area most distant from the primary networks and legal secondary networks are the most disadvantaged.

Other solutions, however, are also frequently practised. In the case of sewerage, the building of a cesspool is the cheapest solution: the sewerage is carried through open air ducts and the cesspool is emptied by a commercial firm. In the case of water supply, this can be obtained by various means:

- a) Public water fountains built by the public authorities.
- b) Pumps extracting ground water used for the irrigation of land which remains in cultivation.
- c) In connection with the building of mosques. The construction of mosques is carried out by large entrepreneurs; e.g. village notables, or Sinai bedouin, for obvious ideological reasons, but also to force the public authorities to provide a supply of drinking water. The pirating of the water supply to the mosque is of benefit to neighbouring blocks.

These overused networks are often out of action but 'informal' entrepreneurs are always on hand to carry out repairs and put off the day of a total collapse of the system.

As far as electricity is concerned, the national electricity company was the first to recognize the spontaneous urbanization zones by laying on an electricity

supply well before the state legislation of 1966 and 1981. (These measures introduced income taxes but also led to the gradual equipping of the spontaneous urbanization zones.) In the case of Arab El Guesr the establishment of urban services was facilitated by the width of the main roads, but in the narrow alleys created by the subdivision of large plots, sewerage and water supply remain problematic. The percentage of inhabitants with mains drainage, running water and electricity is 70%, 75% and 90% respectively.<sup>9</sup>

#### IV Conclusion

Our case study shows that spontaneous urbanization is the resultant of the division of urbanization tasks between the state and various actors. This division of tasks contributes to the reduction of social tensions, because it ensures the integration of excluded social strata, permitting some to survive and others to live better.

In fact, while in the last 10 years urban land rents have been within the means of large sections of the middle classes (high demand for land and dwellings deriving from returned migrants, a property boom. . .) only a few social groups have benefited from it. The additional income represented by the rents received by the owner of a small rental property, or the income derived from the subdivision of a small peasant property are of a different order from the fortunes accumulated by the professional subdividers, the subdivision companies and the developer-entrepreneurs. The latter groups constitute the local notables in the spontaneous urbanization areas. Their new social and economic position is also expressed politically, since one finds them in charge of the local cells of the national party in power.

This is one of the main explanations of the laxity on the part of the state *vis à vis* an urbanization process which certainly has the advantage of 'solving' the housing crisis, but whose spread threatens the disappearance of half the cultivated land of the Greater Cairo area by the year 2000. And the management of this urbanization necessarily involves the state, through the creation of a land agency which sells rudimentarily equipped subdivisions in desert areas, while lowering planning and construction standards.

But such a conception of the land problem – as a technical problem (to be taken charge of by a land agency or land planning agency) or as a juridical problem (to be solved simply by lowering the norms to be observed), conceals the problem of land as a social relation.

The intervention of the state in this field, indispensable due to its position as the largest landowner in Egypt, thus implies a political choice, a choice which is itself the resultant of a relationship of forces in perpetual evolution, under the effect of internal and external factors.

<sup>9</sup> These figures are very high in relation to those for spontaneous zones in Cairo in general where the percentages of residents possessing mains drainage and a water supply are 45% and 40% respectively.

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Le phénomène de l'habitat spontané a pris des dimensions sans précédent au cours des dix dernières années. De plus en plus on voit des populations entières se réfugier dans un habitat de type illégal aux portes des grandes villes. L'ampleur et la permanence du phénomène excluent désormais de considérer cet habitat comme marginal. Il s'agit bien de villes qui se constituent. En Egypte, le processus spéculatif extrêmement virulent qui s'est développé à partir de 1973, s'est traduit par l'exclusion de toutes les couches sociales incapables de payer le prix du logement produit dans des conditions incluant le respect des normes, vers les zones périurbaines. L'arrivée de ces couches hétérogènes dans ces lieux, a provoqué une différenciation du marché foncier et immobilier. La dynamique du processus spéculatif a opéré une nouvelle sélection dans les rangs de ces couches en intégrant les plus solvables et en excluant les plus démunies. Celles-ci habitent en ordre croissant de pauvreté la vieille ville taudifiée ou squattèrent les cimetières et les terrasses des immeubles.

Nous aborderons dans ce papier le processus spéculatif qui se trouve à la base de cette chaîne d'exclusion à travers les interrelations existantes entre les différents sous-systèmes du marché du logement au Caire. Nous décomposerons ensuite dans le temps la naissance et le développement d'un quartier spontané dans l'agglomération du Grand Caire, afin de mettre en évidence la dynamique du processus. Nous montrerons ainsi que cette forme de gestion du sol et de production du logement est le résultat de la division du travail au sein du marché de logement. Nous conclurons enfin sur la nécessité de l'intervention de l'Etat, plus grand propriétaire foncier en Egypte, afin de contrôler l'offre de terrains urbains.

Das Phänomen der Slumvorstädte, der sogenannten "Shanty Towns" hat in den letzten zehn Jahren ungeahnte Formen angenommen. Es ist in wachsendem Maße festzustellen, wie ganze Völkerstämme in illegalen Unterkünften vor den Toren der Stadt Zuflucht suchen. Wir können diese Habitats angesichts ihrer Größe und Dauerhaftigkeit nicht mehr als Randerscheinungen betrachten. In der Tat bilden sich hier ganze Städte.

In Ägypten hat die seit 1973 geradezu wuchernde Spekulationspraxis dazu geführt, daß alle sozialen Schichten, die die Kosten der nach den Vorschriften gebauten Wohnungen nicht bezahlen können, in die Randgebiete außerhalb der Städte verdrängt werden. Die Niederlassung dieser verschiedenen Schichten in solchen Gebieten hat zu einer Differenzierung auf den Grundstücks- und Immobilienmärkten geführt. Die dynamischen Kräfte des Spekulationsprozesses haben eine neue Art der Auslese in den Rängen dieser sozialen Schichten bewirkt, wonei die

solventeren unter ihnen integriert, die ärmsten jedoch ausgeschlossen werden. Letztere leben je nach Grad der Verarmung in den Slumgebieten der Innenstadt oder lassen sich vorübergehend in Friedhöfen und Wohnungsblöcken nieder.

In diesem Vortrag sehen uns wir den Spekulationsprozeß an, der die Grundlage dieser Ausschlußkette durch die Verbindungen zwischen den verschiedenen Untersystemen des Wohnungsmarkts in Kairo bildet. Dann werden wir die zeitliche Entwicklung einer Slumvorstadt im Großraum von Kairo betrachten, um die Dynamik des Prozesses aufzuzeigen. Wir werden auch darauf hinweisen, daß diese Form der Bodenbewirtschaftung und der Wohnungsbeschaffung das Resultat einer Arbeitsteilung auf dem Wohnmarkt ist. Unsere Schlußfolgerung ist, daß der Staat in seiner Eigenschaft als größter Grundbesitzer Ägyptens intervenieren sollte, um das Angebot an städtischem Grund und Boden zu kontrollieren.

El fenómeno de las chabolas ha adquirido dimensiones sin precedentes en los últimos diez años. Más y más, uno puede ver cómo poblaciones enteras se refugian en habitats ilegales a las entradas de las ciudades. El tamaño y permanencia del fenómeno no nos permite ahora que consideremos esos habitats como marginales. Son en realidad poblaciones que se están formando.

En Egipto, el proceso especulativo extremadamente virulento a partir de 1973 ha significado la exclusión de todos los estratos sociales incapaces de pagar el costo de vivienda construida de acuerdo con las regulaciones, forzándoles a asentarse en zonas que rodean las ciudades. La llegada de estos estratos mezclados a estos lugares ha creado una diferenciación dentro del mercado de tierras y propiedad inmueble. La dinámica del proceso especulativo ha traído consigo una nueva selección entre los niveles de estos estratos, integrando a los más solventes y excluyendo a los más pobres. Estos últimos, en el orden ascendente de pobreza, viven en los tugurios de las zonas antiguas o se asientan los cementerios o en las terrazas de bloques de apartamentos.

En este informe, miramos al proceso especulativo que está al principio de esta cadena de exclusión a través de las interrelaciones que existen entre los diferentes subsistemas del mercado de la vivienda en el Cairo. En su momento desglosaremos el nacimiento y desarrollo de una poblado de chabolas en el gran Cairo, a fin de revelar la dinámica del proceso. También demostraremos que esta forma de administración inmobiliaria y producción de viviendas es el resultado de la división del trabajo dentro del mercado de la vivienda. Finalmente, concluiremos a favor de la necesidad de que el Estado, el mayor terrateniente de Egipto, intervenga para controlar el suministro de tierras urbanas.



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