

## CHAPTER VII.

### THE DAÏRAS.\*

In all, Seven of these Administrations—Only Two Responsible for the Daïra Debt—The Daïra-Sanieh—Its Great Estates and Factories—Their Defective Management—Its Income and Expenditure—The Daïra-Khassa—History of the Debt—Inter-relations of both with the State Treasury—Crisis of Last Year—Exclusion of Daïra Debt from the Goschen-Joubert Scheme—Investigation of Assets and Liabilities—Recent Arrangement for Redemption of the Debt.

IN extent of their domains, revenues, and unhappily also of their debt, these administrations rank next after the State Government. Up till last year, indeed, they formed virtually a branch of it, the financial relations of the two departments being so intermixed as to make it difficult to say where the one began or the other ended. But by the decree of November 18, which provided for a settlement of the State debt, this practical fellowship was severed, and the Daïras now form distinct and purely private administrations, as their name imports. They include the whole of the vast estates, factories, and other property of the various members of the Viceregal family, and number in all seven, called respectively the Daïra-Khassa, or that of the Civil List; the Daïra-Sanieh, of the personal estate of the Khedive; the Daïra-Validé, of the Queen-mother; the Daïra-della-Famiglia, of certain general family property; the Daïra-Tewfik Pasha, of the heir-apparent; and the Daïras-Hussein Kiamil Pasha and Hassan Pasha, of his Highness's

\* *Anglicé*, "administrations." They are respectively managed by directors and a numerous staff of clerks, the chief of the Daïra-Sanieh having nearly all the importance of a cabinet minister.

second and third sons, now Ministers of Finance and of War. Of these, however, only the first two are of any external importance, as they alone are responsible for the large aggregate of obligations known as the Daïra debt. The property distributed among the other five originally formed part of the general private estate of the Khedive, from which what now belongs to his sons was detached as they in turn became of age. But in extent and revenue value, the remainder still owned by the Daïra-Khassa and the Daïra-Sanieh much exceeds the aggregate of that now held by the others, and for the purpose of this chapter it will be sufficient to sketch briefly the estates and liabilities of these two principal administrations.

Taking first the Daïra-Sanieh, which is much the wealthier and more important of the two, a recent investigation reckons its estates at 434,975 feddans. Of this total acreage, 89,000 feddans are uncultivated, 40,000 of these being in Lower Egypt, and the remainder scattered through the various cultivated estates mostly above Cairo, including the sites of the large factories and other establishments erected on these latter. Of the whole, a large partially-reclaimed tract (called the Garbieh estate) of 80,000 feddans, in Lower Egypt, is let to tenants and yields a rental of 8,000*l.* a year; while 83,000 feddans of wholly cultivated land are also let at an average rent of about 1*l.* 10*s.* per feddan. The remaining 182,000 feddans, which include the Upper Egypt sugar estates, are farmed directly for account of the administration. To this particular Daïra belong the great sugar factories and rum distilleries in the Upper Valley and the Fayoum, from which so large a part of its revenue is derived. There are in all nineteen of these establishments—viz., three on the Erment estate (at Erment, Dabayeh, and Matanah), which

extends over above 40,000 feddans on the left bank of the Nile, between Thebes and Assouan, but of the three only two, with a couple of mills each, are now worked; one at Rhoda, the chief station on the largest sugar estate, stretching along the same bank for nearly ninety miles—from Mellawee on the south to Benisouef on the north—with a total area of 157,000 feddans; this factory consists of four mills, of which only three are worked: one at Abougourgos, of four mills, also with one idle; one at Bibeh, with four mills, of which, similarly, only three are worked; one at Feshun, with four mills, all of which are at present idle, the canes being taken to those of the neighbouring districts; one at Maghagha, of four mills, only three of which are employed; one at Abba, with four idle mills; one at Beni-mazar, with four mills also for the present not worked; one at Mattaïe, of four mills, three of which are worked; one at Massarat-el-Samalout, also of four mills, of which one is idle; one at Minieh, of four mills, only three of which are employed; one at Farshout, with two mills; one at Dameris, of two mills; one at Salikos, of four mills; and two in the Fayoum, at Abouksa and Massaret-Doudeh, of two mills each, but only the former of which is now worked, besides two others and a treacle factory for which the machinery is on the ground, but which have not been erected. Of these nineteen establishments only those at Farshout, Erment, Dameris, and Rhoda were in existence before the accession of the present Viceroy, whose enterprise is therefore to be credited with the remaining fifteen. Of the whole, fourteen were put up by French and the remainder by English engineers,\* who also supplied the

\* Chiefly by Messrs. Easton and Anderson, of Erith, under the personal superintendence of Mr. H. C. Anderson, who has constructed several other fine works for the Daïra, in Upper Egypt and at Ghizeh, opposite Cairo.

machinery for those not yet built. The total cost of those erected during the present reign may be roundly estimated at about 6,000,000*l.* During the crushing season of two months and a half, they employ an average of two thousand hands each, and work up the total annual produce of about forty-six thousand feddans of land, yielding a gross revenue of about 700,000*l.*,\* according to the fluctuations in the market price of sugar. There is no doubt whatever that with more careful management and better checks upon fraud, this amount might be considerably increased at a much lower working cost. As it is, the number and size of factories are much in excess of the cane available for manufacture, and their position near the trunk line of railway, instead of being in the centre of the respective estates, involves costly carriage either on camel-back or by steam tramways. Considerable economy has, it is true, been recently effected by the use of crushed cane-stalks for fuel, instead of coal, in driving both the tram-locomotives and the factory machinery, and also by the utilization of refuse for manure. But the margin of waste is still great, and neither that nor other abuses which more effective supervision might prevent, can well be checked under the present system of management. In the absence of complete and trustworthy accounts, the net profits on this great industry can be only approximately stated. The cultivation of the cane, including planting and cutting, costs about 7*l.* per feddan, and the manufacturing cost of the sugar—which varies considerably in different factories—averages about 3*l.* 10*s.*; while the total gross yield of sugar and treacle, as set down cumulatively in the official statement of the general agricultural produce

\* The produce of the past season is said to have yielded nearly 800,000*l.*, owing to the comparative failure of the beet-root crop in France.

of the year, is about 33*l.* per feddan; thus ostensibly leaving a profit of above 22*l.* per feddan to pay interest on the capital, land-tax, and cost of carriage to market, which under the new administration of the railways will henceforth be a real, and not merely a paper, charge. But local independent estimates, while admitting that profits might be earned if the factories were in private hands, reduce the actual gains of the Daïra, as now administered, much below this figure. The quality of the sugar produced is excellent, and in the market ranks one number above West Indian. Only about two thousand tons of refined—*i. e.*, loaf—sugar are now made annually, at the Minieh factory alone; but the white crystallised and brown sugars of the other mills command respectively the highest prices of their class. In Alexandria this native produce, from its greater sweetness, competes successfully with French sugar, although the latter receives from the French Government a bounty in the form of a drawback which more than pays the Egyptian Customs duty. Except the engineers, who are mostly English, the whole of the large army of hands employed on the works are natives, many of whom have acquired considerable skill in the manufacture, and have therefore replaced foreigners at higher salaries. The wages of the rank and file range from about 6*d.* to 11*d.* a day—part paid in brown sugar or treacle—with a ration of bread; but although receipts for full payment are exacted from the respective sheikhs, and the amount is duly debited to the Daïra, it is notorious that much of the money earned never reaches the fellahs' pockets. A large proportion, moreover, of the hands employed are furnished by *corvée*, and are therefore helpless against this and every other abuse. Nor is it the working people only who suffer: as the factories are now managed it is more

than doubtful if any possible development of this industry can ever pay the Khedive a fair dividend on their enormous first cost. In his own interest and that of the country, his true policy would be to sell or lease the whole to private capitalists, under whose more careful control local opinion is confident they would yield large returns. As it is, they are splendid monuments of his Highness's private enterprise, but commercially they have as yet proved only a half success.

A recent official statement gives the following estimate of the whole income and expenditure of this Daïra, including receipts from and outlay upon the land let to tenants, and that directly farmed for account of his Highness, as well as the produce, gross and net, of the sugar factories:

INCOME.		EXPENDITURE.	
Lands let ... ..	£130,000	Taxes ... ..	£150,000
Cotton ... ..	85,000	Agricultural Expenses	400,000
Sundries ... ..	85,000	Factory ditto ...	250,000
Winter Crops ...	200,000		£800,000
Sugar ... ..	700,000	Balance ... ..	400,000
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	£1,200,000		£1,200,000

The property of the Daïra-Khassa is much less extensive, and yields an average total revenue of only about 50,000*l.* a year. It is situated in Lower Egypt, chiefly in the districts of Tanta and Garbieh, and consists in all of some 50,000 feddans, of which 10,000, of good quality, are farmed by the administration with a reported net profit of only about 2*l.* a feddan, while the inferior remainder is let to tenants at an average of about 15*s.* per feddan. Here again it is evident that better management, with adequate checks upon fraud, would greatly improve the out-

come of these estates, as 2*l.* per feddan is far below the average of profit from good land all over the country; and it is said that a moderate but judicious expenditure in levelling and better irrigating the 40,000 feddans let to tenants would more than double the value of those parts of the property, much of which would grow excellent cotton, while nearly all are within easy reach of railway or water carriage for their produce to Alexandria.

Taking, however, the present net revenue of these estates at their reported average of 50,000*l.*, we have for the two Dairas an estimated clear income of 450,000*l.* a year,\* against a funded and floating debt of about 9,000,000*l.*

The history of this latter large total differs little from that of the State debt proper, revealing, as it does, similar incidents of usury in the terms of borrowing and of improvidence in the use of the money raised. The first of the three loans which form the funded part of the debt was negotiated in 1865 (though not issued till early in the following year), partly to pay for Halim Pasha's estates, purchased in the previous year, and partly to repair the loss done to these and the Khedive's other domains by the destructive cattle murrain of 1864-5. The nominal amount of this operation—which was negotiated by the Anglo-Egyptian Bank, and is known on the market as the "Viceroy's Loan"—was 3,387,000*l.*; it was a 7 per cent. stock redeemable by half-yearly drawings in fifteen years, and was issued to the public at 90. No particulars of the net sum realised from it have been published, but deducting the issue discount and the contractor's commission and other charges, it probably did not exceed 2,750,000*l.* This loan was secured on the estates of the

\* Last year, before the difficulties of the Daira had reached their subsequent complication, Mr. Cave estimated its net revenue at 422,000*l.*, after interest on its funded debt had been paid.

Daira-Khassa, together with those of Halim Pasha, for the purchase of which about 1,000,000*l.* of its proceeds was applied. The second loan was contracted in 1867, with rather a political than an economical object. Up till the change in the order of succession, in the previous year, the heir to the throne was Mustapha Fazyl Pasha, the brother of his Highness, who possessed large estates in Egypt. On the change being effected it was thought inexpedient that this personage should continue to exercise the great territorial influence attaching to these domains, and an arrangement was therefore come to by which he ceded them to the Khedive for a payment of 2,080,000*l.* in 9 per cent. bonds, also redeemable half-yearly in fifteen years. A loan for this amount—commonly called the "Mustapha Pasha Loan"—was therefore issued through the Imperial Ottoman Bank, at 90 per cent., secured on the property purchased. The third operation, known as the "Khedive Loan," took place in 1870, for 7,142,860*l.*, nominal. This was a 7 per cent. stock, redeemable in twenty years, and was issued through Messrs. Bischoffsheim and Goldschmidt at 75 per cent.; but of its proceeds at this price (5,357,145*l.*) the Daira only received 5,000,000*l.*, the contractors' charges again absorbing the balance. The object of this operation—which is secured on 157,000 feddans of the Daira-Sanieh estates—was to develop the cultivation of sugar-cane, and erect the largest of the great factories now at work, twelve of which have been so built within the past seven years.

But onerous as were the conditions of these foreign loans, those under which a large floating debt simultaneously grew up were heavier still, and were not lightened by a system of cross-acceptances with the Treasury, from which, to say the least, the Daira was no gainer. At

length, concurrently with the culmination of the State difficulties in the spring of last year, the Daïra—*i. e.*, Sanieh and Khassa jointly—was also obliged to suspend payment, till some practicable arrangement with its creditors could be effected. The 1865 and 1867 loans having been semi-political in their object, had already, with the revenue pledged for their redemption, been taken over by the Government, and were therefore substantively included in the settlement of the State debt embodied in the decree of May 7th. When that impossible measure however fell through, this partial relief of the Daïra vanished with it, and was finally extinguished by the subsequent Goschen-Joubert arrangement, which excluded these *quasi*-personal debts altogether, leaving the Daïra itself to provide for them as best it might. Thereupon a host of private creditors, taking advantage of the 10th article of the Convention on which the new tribunals are founded, which subjects “the Government, the Administrations, and the Daïras of his Highness the Khedive, and of the members of his family, to these courts, in suits with foreign subjects,” brought actions to recover payment in full of their claims. The courts had no choice but to exercise the jurisdiction thus given to them; but execution of their judgments was necessarily suspended, as a forced sale of any part of the property would have been equally ruinous to the Daïra itself and to all other classes of its creditors.

Since then, however, an arrangement has been come to, as a sort of pendant to Messrs. Goschen and Joubert's scheme, which provides equitably for the whole of these debts. A careful examination of the revenue-value of the estates shows that they can even now pay 5 per cent. interest at least, and justifies the belief expressed above that under better management still larger net proceeds

may be realised. It has therefore been virtually settled that the administration of the property shall be placed in the hands of two European delegates of the creditors, and one native named by the Khedive, who shall jointly control the whole, and yearly publish regularly audited accounts. If it be found that the revenue will pay more than 5 per cent., the next 1 per cent. is to be applied in redemption of stock by purchase in the market; and if the income should exceed the 6 per cent. thus absorbed, the next 1 per cent. again is to be distributed among the bondholders as a supplementary dividend; while if it should still exceed 7 per cent., all surplus above that will be applied in the further reduction of the debt. If, on the other hand, the revenue should in any year not yield 5 per cent., the Khedive pledges, for payment of the deficit, his Civil List of 300,000*l.*, which, if not called upon under this guarantee, will give an annual subvention of 1 per cent. (90,000*l.*) to be applied in the redemption of stock, independently of any portion of the Daïra revenues that may be available for the same purpose; and this subvention is to remain in force until the latter reach 7 per cent. When the total amount of the debt shall have been reduced by the operation of this sinking-fund to 5,000,000*l.*, the original interest of 7 per cent. is to be resumed, with a fixed sinking-fund of 1 per cent., till the whole be paid off. The satisfaction with which this arrangement has been received by the Daïra creditors increases regret that substantially similar terms were not accepted in settlement also of the State liabilities, instead of fixing the Treasury hard and fast with 7 per cent. on more than two-thirds of an inequitably-increased total of its debt. If, however, the rate of interest imposed on the Malieh should be found beyond its power to pay, the

compromise thus effected with the Daira will have the further merit of supplying both a precedent and a basis for a modification of the Goschen-Joubert scheme, without affecting the administrative guarantees which constitute the chief value of that measure.

## CHAPTER VIII.

### COMMERCE.

**Steady Growth of Egyptian Trade—Great Increase during Present Reign—Review of Ten Years ending 1875—Exports—Their Chief Details—Ninety per cent. of the whole shipped from Alexandria—Principal Foreign Markets—Diminution of the Transit Traffic compensated by Growth of General Trade—Imports—Whence chiefly received—Their Increase an Evidence of Augmented National Wealth—Probable Re-adjustment of the Customs Tariff.**

HOWEVER the problem of Egyptian finance may ultimately solve itself, its difficulties have at least been in no way caused by any decline in the national trade. Not only has this, till within the last eighteen or twenty months, more than kept pace with the rapid growth of the revenue, but in most of its branches the improvement continues, and—barring only the recent depression, during which the commercial movement in Egypt has shared in the general stagnation of trade everywhere—the condition and prospects of the whole are perhaps as solidly satisfactory as at any time since the death of Mehemet Ali. There have been spurts of much greater activity and larger profits; but until weakened by this temporary disturbance, the general tone of both the inland and foreign trade of the country has seldom been sounder than during the past year. If revenue, therefore, has recently expanded faster than trade, the fact has signified no serious decline in the latter; but has simply meant that, under pressure of debt-burdens incurred at ruinous rates, and in any case more rapidly than the country could bear them, taxation has out-