

The "Statistical Tableau" of freights and other commercial incidents for 1876, compiled by Messrs. R. J. Moss & Co., of Alexandria, supplies the following partial note of the trade with the United Kingdom for that year:—

Exports.—Cotton, 332,460 bales; cotton-seed, 1,294,659 ardebs (about 153,000 tons); wheat, 867,838 ardebs (about 546,700 qrs.); maize, 33,472 ardebs (about 21,000 qrs.); barley, 151,296 ardebs (about 90,800 qrs.); beans, 983,098 ardebs (about 639,000 qrs.). The Alexandria imports of coal and coke for the year amounted only to 285,022 tons.

APPENDIX G.

MR. CAVE'S REPORT ON THE FINANCIAL CONDITION OF EGYPT.

SUBJOINED is the valuable report by Mr. Cave, embodying the result of his mission last year to investigate the state of the Egyptian finances. Several of his statistics, it will be seen, differ from those in the text of this volume, but the discrepancy is explained partly by the interval which has elapsed since the date of his inquiry, and partly by the difference of source from which the information has been derived. Probably from the novelty of the subject and the complexity of its details, Mr. Cave has, in a few instances, fallen into mistakes, which, however, detract little or nothing from the general value of his report:—

"The critical state of the finances of Egypt is due to the combination of two opposite causes.

"Egypt may be said to be in a transition state, and she suffers from the defects of the system out of which she is passing, as well as from those of the system into which she is attempting to enter. She suffers from the ignorance, dishonesty, waste, and extravagance of the East, such as have brought her Suzerain to the verge of ruin, and at the same time from the vast expense caused by hasty and inconsiderate endeavors to adopt the civilisation of the West.

"Immense sums are expended on unproductive works after the manner of the East, and on productive works carried out in the wrong way, or too soon. This last is a fault which Egypt shares with other new countries (for she may be considered a new country in this respect), a fault which has seriously embarrassed both the United States and Canada; but probably nothing

in Egypt has ever approached the profligate expenditure which characterised the commencement of the Railway system in England.

"The Khedive has evidently attempted to carry out with a limited revenue, in the course of a few years, works which ought to be spread over a far longer period, and which would tax the resources of much richer exchequers.

"We were informed that one of the causes which operate most against the honesty and efficiency of native officers is the precarious tenure of office. From the Pashas downwards every office is a tenancy at will, and experience shows that while dishonesty goes wholly or partially unpunished, independence of thought and action, resolution to do one's duty and to resist the peculation and neglect which pervade every department, give rise to intrigues which, sooner or later, bring about the downfall of honest officials; consequently those who begin with a desire to do their duty give way before the obstructiveness which paralyses every effort.

"The public servant in Egypt, like the Roman Proconsul, too often tries to make as much as he can out of his office while it lasts, and the scandal takes place, of the retirement in a few years with a large fortune of men whose salary is perhaps 40% a month, and who have plundered the Treasury on the one hand, and the peasant on the other.

"The European employés of the Khedive take care, naturally, that their position should be defined and secured. This gives them freedom of thought, speech, and action, which has been in many cases most valuable to Egypt. Mr. Acton, sent out from the English Board of Trade, is a most useful member of this class. If men of such character and position were appointed to higher offices in the Civil Service, they would, as we believe, bring about most excellent results. They would be checks upon the adventurers who have preyed upon Egypt; and they would take care that the adviser upon public works should be in every case distinct from the person who benefits by their construction. The actual terms of the contracts require the scrutiny of men of integrity and capacity. It is admitted by contractors themselves that they charge far more than the fair amount for their work because the conditions of contracts are so unnecessarily and absurdly onerous that they are compelled to make extra charges to protect themselves against possible loss; so that, one way or another, Egypt is the loser. An official of high rank said to us that the great want in Egypt is a body of high-class Europeans, not those who compete with each other to make money, and put pressure upon the Khedive, but men like our Indian officials, who have done so much to raise the tone of the native races.

"The principal source of the revenue and of the wealth of Egypt is the land. Agriculture here is almost independent of seasons, but it is dependent upon widely extended, laborious, and costly systems of irrigation. Where these are wanting, the land quickly relapses into desert. Where these are supplied, as in Upper Egypt by the Bahr Yussuf and the Bahr Ibrahim, and more to the east by the Sweet-water Canal to Ismaïlia and Suez, whole tracts of land are brought into cultivation. It is necessary, therefore, that irrigation should be carried on completely and economically, that drainage should accompany it for the purpose of washing the salt out of the subsoil, and that

the distribution of water should be carried on justly and regularly. On all these points much improvement is needed. Still the productive power of the land has immensely increased during the administration of the present Ruler, as will be more particularly described hereafter.

"The tenure of land varies. All land theoretically belongs to the State, as in feudal times in Europe, and similarly large estates were parcelled among the conquering races, and charged only with a fixed quit-rent called the dime or ouchour. The remainder of the land is held from the State by communities or individuals on payment of a tax called karadj, which is really a rent, and which was variable, and might at any time be augmented at the will of the Government. This land could not originally be leased, alienated, or devised, but relapsed to the State at each termination of ownership. More liberal and humane laws have been enacted by the present Ruler, and the land passes as easily as copyhold in England. Where land belongs to communities, the Sheikh distributes it to families for a year only, which is a great obstacle to industry. Nubar Pasha informed us that he let some land for rent in the ordinary way. Some he worked with labourers for hire; some in a sort of partnership with the labourers, who paid him a certain portion of the produce, he finding seed, implements, &c.

"Labourers for hire are difficult to be obtained in many places. Almost every man has a small parcel of land to cultivate; consequently contractors agree to take a piece of work for so much, and to bring a certain number of hands from various places. They make their terms with the landowner, who knows no one but the contractor, and it often occurs that the latter, though well and punctually paid, starves and defrauds the labourers in his gang, and great misery and oppression take place, whether the gangs so brought together are of a better sort, who feed themselves and earn, say, 5 piastres a day, most irregularly paid, or whether they are the poorest Fellahs, obtained by help of the Mudir or Head-man of a district, who are paid nothing, but work from sunrise to sunset for their bare food, and run away at every opportunity. This uncertainty, whether as to labour and taxes by the proprietary or as to pay and position by the peasantry, lowers the value of land to such a degree that we were informed that good land in the Delta might be bought for five years' purchase. Some time ago the Khedive established a 'Crédit Foncier,' or land bank, for the purpose of lending money to the peasantry at moderate rates, and lost a large sum of money by it. His motives were doubtless good, but he evidently began at the wrong end, and tried to palliate the evils of a system he ought to have reformed. There have been projects lately on foot for the introduction of Chinese into Egypt, and proposals have been made to the Khedive to send people to China to organise a system of emigration, but he objects that the introduction of Chinese will be very expensive, and that there will be much trouble in enforcing their contracts. If they come of their own accord, he will be glad to employ them and to settle them on unoccupied land. We were informed that all the labourers employed in the sugar-factories were paid regular money wages, and that the soldiers who are settled in military colonies or encamped near the sugar estates are paid about 1s a day, or by the task, besides their military pay;

and as they work under their officers, it is said that twenty-five do as much work as sixty ordinary labourers. Besides these there are undoubtedly *corvées* and people working out the land tax paid for them by the Khedive.

"The Daira Sanieh, or private estate of the Khedive, consists of some 350,000 feddans* of good land, chiefly in Upper Egypt, besides 100,000 feddans of poor land not under cultivation. Of the former he lets about half and keeps about half in hand. The net revenue of the whole is estimated at 422,000*l.* in round figures. About 15,000 acres of what the Khedive keeps in hand are planted in cotton, and 120,000 in what is called winter cultivation, *i.e.*, corn and vegetables of various kinds. But the most important industry is the cultivation of the sugar-cane and the manufacture of sugar—40,000 acres are planted with canes, and there are twelve large factories with most elaborate machinery at work.

"The fault here, as in so many other instances, has been that this industry has been established without due consideration. Very large factories were built before the land was ready to supply them. They have not been placed in the middle of the estates, but near the main railway; consequently the canes have to be brought many miles by locomotives to the factories, involving a large consumption of coal, and making supervision more difficult. Some factories, full of costly machinery, have been abandoned, others left unfinished with the machinery already on the spot; steam machinery for irrigation has been erected and never used.

"The manufacturing accounts can be accurately kept. Those for cultivation are complicated by *corvées* and military labour, and labour in payment of debts. We have heard the cost of cultivation, including the cutting of the canes, estimated at 5*l.* per acre. The sugar-estates, we feel convinced, bring in a return beyond their working expenses, and this will increase year by year, as the cultivation improves, as more land is brought under canes, and the full power of the machinery brought into play. Much economy has already been effected by the utilisation of the refuse of the factories for manure, and by the better management of the megass, or cane-stalks, which now almost wholly replace coal, both in driving the machinery and evaporating the sugar. It would therefore be unadvisable that these estates should be given up. But the original faults can hardly be remedied, and it seems impossible that there should ever be an adequate return for the capital, especially as so much was provided by loans at a high rate of interest.

"It is therefore with great apprehension that we hear of the capital account of the Daira being still open, and of vast schemes of irrigation costing millions being under consideration.

"We were informed before leaving England that Egyptian sugar had been sold in London for less than cost price. This might have been owing to a faulty system by which merchants were favored at the expense of the grower, or pressing debts discharged in sugar at prices below the market value, or to buyers who had combined to make a monopoly, having been obliged to realise at a loss. A deceptive mode of sampling had also given a bad name to Egyptian produce. A very much better system now prevails and will soon

* The feddan nearly corresponds to the English acre.

produce good effects. The sampling is honestly and carefully performed; the sugar is sold at public sales, and a genuine competition is commencing, so that Egyptian sugar, which is of excellent quality, may be expected to give better returns. A fact has been mentioned to us by a high authority here, in confirmation of his opinion that sugar does not pay and ought to be given up, namely, that French refined sugar in Alexandria competes with native sugar, notwithstanding an 8 per cent. duty. But this has been explained by practical people in two ways. First, there is no refined, *i.e.*, loaf sugar, sent to Alexandria for sale as a regular system (not more than 2,000 tons are made at present altogether, namely, at Minieh); the highest of the three qualities made for the market is white crystallised sugar. Secondly, the bounty in form of drawback given by the French Government enables French sugar in Egypt, as in England, to compete unfairly with other sugar, though with regard to Egypt there is this excuse—that Egyptian sugar is protected by a Customs duty unbalanced by an excise on native produce.

“It has been said that the public accounts, as well as those of the Daira Sanieh, have been made with a view to deceive. It seems possible that an intricate statement may be preferred for the purpose of retaining power in the hands of the Finance Minister, in whose office no European is at present employed, or even allowed to enter. But we can hardly imagine that a designedly fictitious statement would be published year after year, and yet that it should be proposed that an inspection of accounts should take place by an experienced financier to remain here for at least five years, with access to all the records.

“That the accounts are kept in a slovenly imperfect manner is evident on the face of them. Take, for instance, the Budget for 1876, and the ‘Compte Rendu’ for 1875, which contain items jumbled together in a most extraordinary way, such as a railway in Soudan and a canal in Egypt in one sum. If we examine the accounts of the Customs, which are under the Finance Minister, we shall find no complete official table of the imports and exports of each Custom House in Egypt, specifying the kind, the quantity, the value, the place from whence they come, or their destination. Moreover, the returns of quantity are made on no principle whatever, being sometimes according to weight, sometimes according to number, size of parcel, so many pairs, &c., and the periods are sometimes according to the Coptic, sometimes according to the Gregorian calendar, which, it is scarcely necessary to say, do not correspond.

“According to a calculation made from the imperfect data accessible to the public, it has been estimated by a high independent authority, that the receipts from the Custom House of Alexandria alone for the year 1872 ought to have amounted to £558,727, whereas the return of receipts from all the ports reached only £531,215, or £17,510 less than it ought to have been from Alexandria alone.

“Again, the receipts and expenses of railways for the year 1874–75 (1591 Coptic) give the receipts at the different stations with great minuteness, even to an entry of four piastres. But the salaries and wages, amounting to £195,227, are comprised in one sum, with no particulars of the payments to

any particular class, nor even of the number of officials or servants employed; the same may be said of a single entry of £137,000 for repairs of engines and carriages. It is therefore easily to be understood that the receipts of the railways are generally supposed to be one-fifth lower than they ought to be under efficient management.

“It may be mentioned here that all construction of new railways, except that of the Soudan, is suspended, and that this, which is called Nubar's line, is confined to the portion of the Nile between Wady-Halfa and Hannek, about 200 miles; to cost, fully equipped, with machinery already on the spot, 7,000*l.* per mile. The remainder of Fowler's original line, 350 miles from Hannek to Shendy, across a very difficult country, has been given up. The cataracts on this upper part of the Nile can be navigated during nine months in the year; but those on the line which is in course of construction are almost always impassable.

“The Soudan is, we are informed, a rich, populous country, growing much corn. After paying the expenses of Darfour and the expedition to the great lakes, it contributes to the Treasury, according to the public accounts, a net revenue of 150,000*l.*

“The occupation of Darfour and the expedition to the equatorial lakes are not, commercially speaking, successful. The Khedive has engaged to some extent in these enterprises for the sake of the suppression of the Slave Trade, and the Abyssinian war was almost forced upon him. It is probable that he will retire as soon as possible from Abyssinia and the Equator. Extension of territory and of trade may have attractions for the Khedive, but he is not dazzled by the barren glory of war.

“According to the documents handed to us by the Khedive, and to information furnished verbally by his Highness, and tested by such means as were in our power, the present position of the Egyptian finances is as follows:—

“The revenue of Egypt has increased from £55,000 a year in 1804, £3,300,000 in 1830, and £4,937,405 in 1864, the second year of the Khedive's administration, to £7,377,912 in 1871, the year previous to the changes caused by the law of Moukabala. Under this law all landowners could redeem one-half of the land tax to which they were liable by the payment of six years' tax, either in advance in one sum or in instalments. Those who paid down this contribution in one sum received an immediate reduction of their tax; those who elected to make the payment in instalments receive a discount of 8½ per cent. on their advance, and the reduction only takes place on the completion of their contribution.

“The extreme term for the entire redemption of each contributor's tax was at first fixed for six years; but as the law was either not properly understood, or the small owners were unable to make so heavy a payment annually, as their land tax, plus its amount minus 8½ per cent., the term was extended from six to twelve years, two years after the first promulgation of the law, so that it now has ten more years to run, during which the contributing landowner has to pay land tax plus one half the tax ($\frac{1}{2}$), and minus 8½ per cent. of the same.

“The annexed Table shows the operation of the system since its institution,

and the amount of income to be derived from it during the next ten years, to the end of 1885.

"It is most advantageous to the landowner who can afford the present sacrifice as in addition to the advantage of securing in perpetuity the redemption of half his tax by a payment of five and a half times its present amount, to which it is reduced by the discount allowed ($\frac{8\frac{1}{2}}{100} \cdot \frac{1}{2} \times 12 = \frac{1}{2}$), he secures an indefeasible title to his land, the tenure of which is at present of an uncertain character.

"To the State the arrangement is a ruinous one from a fiscal point of view, as the Khedive has bound himself in the most solemn manner not to re-impose the redeemed moiety of the tax in any shape whatever, and he has thus sacrificed for all time fifty per cent. of revenue from this source in order to realise eleven times the annual amount remitted during a period of twelve years. The original intention of the law was to realise at once, or in a few years, sufficient capital to pay off the floating debt, but by extending its operation the sum raised annually has only sufficed to pay the interest on it.

"The revenue now produces annually £10,689,070, but of this amount the Moukabala, £1,531,118, is terminable, and will drop out of the account in ten years—*i.e.*, in 1886—whilst at the same time the land tax will fall from £4,305,131 to £2,634,824.

"The normal expenditure amounts to £9,080,681, of which £5,036,675 's devoted to paying interest and sinking funds of the various State loans, of which an account will presently be given.

"The private loans of the Khedive are not chargeable to the State, except in two instances, namely, the Mustapha Pasha Loan of 1867, and the Anglo-Egyptian Daira loan of 1865. These loans, and a portion of the Daira floating debt, amounting to 3,000,000*l.*, have been taken over by the State for value received.

"The revenue has certain elements of elasticity in it; but these are not likely to be very active in operation.

"The principal of these is the Land Tax, which, after its reduction under the operation of the Moukabala Law, will probably grow with the increasing area of cultivation, an increase likely to receive an impulse from the reduction of the tax. At present 4,805,107 feddans pay tax as under cultivation, which, compared with the 4,051,976 feddans cultivated in Saïd Pasha's time, show an increase of 18½ per cent. during the present Government. 352,350 feddans have also been brought under cultivation, and will shortly be assessed for taxation. As this will be effected gradually, no immediate increase of revenue will take place, but an addition of 180,000*l.* a year from this source may be expected in the course of the next five years.

"A further area of 267,650 feddans will become liable to taxation after it has been surveyed, from which an additional 140,000*l.* a year may be expected.

"These two additions to the cultivated area amount to 620,000 feddans, or 15 per cent. of the land under cultivation at the Khedive's accession, making therefore in all an addition of 33½ per cent. during his rule of thirteen years.

"There are still 1,098,000 feddans of cultivable ground, which have been registered but not yet cultivated.

"The net revenues of the railways have increased from 750,000*l.* a year in 1873 to 990,800*l.* in 1875; but this rate of increase cannot be entirely relied upon, as more of the gross receipts will necessarily be required for maintenance and renewal as the permanent way becomes worn, and deficient crops would cause diminished traffic. Still, even after making these allowances, an honest and intelligent administration of the railways would probably produce a larger revenue.

	Miles.
"The extent of railways in 1873 was	1,110
Were added in 1874-5	100
	1,210

"These lines have been constructed at an average cost of about 11,000*l.* per mile. Other lines have been projected, but the only important one actually in the course of formation is that in the Soudan. This is not the original Soudan line, but, as explained above, a section of it only, required to pass the worst cataracts.

"The Customs duties may also be expected to improve. There has been a steady and gradual increase of the exports of cotton, which have risen from 1,253,593 quintals in 1867 to 2,615,120 quintals in 1874.

"In the thirteen years of Ismail Pasha's rule, the quantity of cotton exported has been 3.6 times that of the exportation of the preceding thirteen years, or an increase of 257 per cent. The fall in price has caused disappointment, and may check production, it being now doubted whether corn does not pay better. At the same time improved machinery enables cotton to be more effectually separated from the seed, from which oil and cake are now largely made.

"In the general returns of exports and imports there is also a marked improvement.

"The total value of imports from 1863 to 1875 amounts to 61,939,736*l.*, against, from 1850 to 1862, 29,641,155*l.*, showing an advance of 100 per cent. in thirteen years.

"Exports have quadrupled during the same period, having increased in value from 36,339,543*l.* to 145,939,736*l.*

"During the thirteen years the growth of the population of Egypt has been considerable, the births having exceeded the deaths by 636,809.

"Education has been carefully attended to, the number of schools established on a European model having increased from 185 in 1862 to 4,817* in 1875. In the latter year there were 4,817 schools, with 6,048 masters and 140,977 pupils, being an augmentation on the previous year of 1,072 schools, 1,615 masters, and 27,722 pupils. The quality of the education given necessarily varies, but it has on the whole decidedly improved, and is in some cases of a very superior character.

"These statistics show that the country has made great progress in every way under its present ruler; but, notwithstanding that progress, its present financial position is, for the reasons that have been already stated, very criti-

* This is an error. The total number of schools in the country in 1875 was 4,817; but of these 4,685 were Arab primary schools, by no means "on a European model."

cal. Still the expenditure, though heavy, would not of itself have produced the present crisis, which may be attributed almost entirely to the ruinous conditions of loans raised for pressing requirements, due in some cases to causes over which the Khedive had little control.

"The loans have been raised as follows:—

"In 1862 Saïd Pasha contracted the first loan. The nominal amount was 3,292,800*l.*, repayable in thirty years; the interest 7 per cent., and the sinking fund 1 per cent. We have no particulars of the amount really received on this loan.

"In 1864 the first of the present Viceroy's loans was contracted. The nominal amount was 5,704,200*l.*, of which, however, only 4,864,063*l.* was received. The interest and sinking fund on the nominal amount were respectively 7 and 3·87 per cent., but on the amount received they were 8·2 and 4·5, or, together, 12·7 per cent., instead of 10·87 per cent. on the nominal value. This loan was redeemable in fifteen years, and will, therefore, be paid off in 1879.

"The loan of 1868 was not made redeemable till 1898; its nominal amount was for 11,890,000*l.*, of which only 7,193,334*l.* was received. The apparent interest and sinking fund of 7 and 1 per cent. became therefore 11·56 and 1·63 per cent., or together, 13½ per cent.

"In 1873 a further loan was contracted for a nominal amount of 32,000,000*l.*, at 7 per cent. interest and 1 per cent. sinking fund, but as only 20,062,658*l.* was even nominally received, these figures became 11·0 and 1·63 per cent., and the charge 12·63 per cent.; but of this 20,062,658*l.*, at least 9,000,000*l.* were paid into the Treasury in bonds of the floating debt taken at 93 per cent. The Treasury may therefore be held to have received 20,740,077*l.*, and the annual charge amounts to only 12·3 per cent. on this sum.

"A loan was raised for the construction of railways in 1866. Its nominal amount was 3,000,000*l.*, at 7 per cent. The amount received by the State was 2,640,000*l.*, which raised the interest to 8 per cent. The full amount of 3,000,000*l.* was repaid by six annual instalments of 500,000*l.* each, from the 1st of January, 1869, to the 1st of January, 1874, a rate equivalent to a sinking-fund of 18·9 per cent.; so that during six years this loan entailed on the State an average charge equal to 26·9 per cent. of the amount realised.

"In addition to these regular State loans there are two Daira loans, which have been transferred to the State against value received. These are:—

"The Anglo-Egyptian Loan of 1865 for 3,000,000*l.*, at 9 per cent. interest, and sinking fund of 3·27 per cent., in all 12·27 per cent.; and the Mustapha Pasha Loan of 1867 for 2,080,000*l.*, which was raised at 9 per cent., with a sinking-fund of 3·4 per cent., in all 12·4 per cent. Both of these loans will have been repaid by the end of 1881.

"The personal loan of the Khedive, raised on his private estates in 1870, was obtained on slightly more onerous terms than the State loans, excepting that for railways. To obtain 5,000,000*l.*, his Highness engaged to pay back 7,142,860*l.*, in twenty years, with 7 per cent. interest on this nominal amount. So that he really pays on the amount received 10 per cent. interest and 3·36 per cent. sinking-fund, or a yearly charge of 13·36 per cent.

"The following Table shows these loans at a glance:—

Loan of—	To be Paid off in—	Nominal Amount of Loan, but Real Debt of State.	Charge on Nominal Amount.			Amount Realised.	Real Charges on Amount Realised.			Remarks.
			Interest.	Sinking Fund.	Total.		Interest.	Sinking Fund.	Total.	
1862	1892	£ 3,292,800	Per cent. 7	Per cent. 1	Per cent. 8	£ ...	Per cent. ...	Per cent. ...	Per cent. ...	No particulars of amount realised.
1864	1879	5,704,200	7	3·87	10·87	4,864,063	8·2	4·5	12·7	
1866	1874	3,000,000	7	...	...	2,640,000	8	18·9	26·9	Railway loan, repaid by six annual payments of £500,000 equivalent to a sinking fund of 18·9 per cent.
1868	1898	11,890,000	7	1	8	7,193,334	11·56	1·68	13½	
1873	1903	32,000,000	7	1	8	20,740,077	10·8	1·56	12·36	
		55,887,000				35,437,474				No particulars of amounts realised, but probably the whole.
			9	3·27	12·27	3,000,000	...	...	12·27	
			9	3·4	12·4	2,080,000	...	...	12·4	
			7	2·35	9·35	5,080,000	10	3·36	13·36	
						5,000,000				

Daira taken over by the State.

* { 1866 | 1881
 { 1867 | 1881

The Daira Loan of His Highness the Khedive, 1870 | 1890

** The Return of the Finance Minister does not include these loans, which were probably expended on lands.