

"From this table it is seen that none of the Egyptian loans cost less than 12 per cent. per annum, while some cost more than 13½ per cent. per annum, and the railways loan even 26·9 per cent. per annum, including sinking funds.

"A Return furnished by the Minister of Finance sets the amount paid for interest and sinking funds of the public loans to the end of 1875 at 29,570,994*.

"According to the same Return, the revenue received from 1864 to 1875 inclusive amounted to 94,281,401*l.* During the same period the expenses of administration, including tribute to Constantinople, were 56,461,363*l.*; and the Government expended on the Suez Canal, on different works specified in the subjoined list, and on certain compensations and transactions, 56,654,722*l.*

"The debtor and creditor account of the State, from 1864 to 1875, stands thus:—

"RECEIPTS.								£
"By Revenue	...	...	...	...	...	...	...	94,281,401
Loans	...	...	...	...	...	...	...	31,713,987+
Sale of Suez Canal Shares	...	...	...	...	...	...	...	3,976,583
Floating Debt	...	...	...	...	...	...	...	18,243,076
								148,215,047
"EXPENDITURE.								£
"Administration	...	...	...	...	...	...	...	48,868,491
Tribute to the Porte	...	...	...	...	...	...	...	7,592,872
Works of utility, &c.	...	...	...	...	...	...	...	30,240,058
Extraordinary expenses—some of questionable utility, and others under pressure of interested parties	...	...	...	...	...	...	...	10,539,545
Interests and Sinking Funds	...	...	...	...	...	...	...	34,898,962
Suez Canal	...	...	...	...	...	...	...	16,075,119
								148,215,047

"Two striking features stand out in this balance-sheet, namely, that the sum raised by revenue, 94,281,401*l.*, is little less than that spent on Administration, Tribute to the Porte, Works of unquestionable utility, and certain expenses of questionable utility or policy, in all amounting to 97,240,966*l.*, and that for the present large amount of indebtedness there is absolutely nothing to show but the Suez Canal, the whole proceeds of the Loans and Floating Debt having been absorbed in payment of interest and sinking funds, with the exception of the sum debited to that great work. It is to be further observed in connection with this subject that the necessity of paying large amounts to the Suez Canal Company obliged the Egyptian Government to resort to its earlier loans in 1864 and 1868.

* According to the Loan Contracts the service of the loans should only have cost 27,923,716*l.* to the end of 1875. This sum may have been swollen by extra charges.

+ The greater part of the Loan of 1864 having been applied to the payment of the debts of the Khedive's predecessor, is not included in this return, which therefore differs from the amount given in the table.

"The operation of the law of the Moukabala as above described is itself, perhaps, the most striking instance of the reckless manner in which the means of the future have been sacrificed to meet the pressing needs of the present. Before the law was enacted, the land-tax yielded as nearly as we can judge, 4,793,459*l.* a year. The operation of the Moukabala was to give to the Government six times this amount, or about 28,760,754*l.* Of this a part was to be returned in discount at 8½ per cent., and 2,396,729*l.* will have been so returned by the end of 1885, leaving to the Government a total of 26,363,888*l.*, the receipt of which will have been spread over fourteen years, in exchange for which the Government has surrendered in perpetuity revenue to the amount of nearly 2,500,000*l.* a year.

"The immediate pressure arises from the Khedive's inability to take up the bonds of his unfunded floating debt, now falling due at short intervals, and estimated by his Highness at 18,243,076*l.* at least, after deducting the 4,000,000*l.* which have been extinguished by the purchase-money of the Canal shares.

"This unfortunate position is due in great measure to the onerous conditions of the Loan of 1873, which was contracted for the express purpose of clearing off the floating debt, amounting at that time to 28,000,000*l.* By these conditions the nominal amount of 32,000,000*l.* was reduced to an apparent effective of 20,740,077*l.*, of which 9,000,000*l.* were paid in the bonds of the floating debt. These bonds, purchased by the contractors at a heavy discount, and sometimes at a price as low as 65 per cent., were paid into the Treasury at 93 per cent., an operation which materially enhanced the profits accruing to the negotiators of the loan.

"An examination of the contracts of the several loans shows that every available portion of the revenue has been pledged, sometimes more than once.

"The loan of 1873 swallows up every resource. It is guaranteed, first by all the general revenues of Egypt, and then especially by—

"1. All the railway revenues of Lower Egypt, with a trifling exception. (This security is estimated at 750,000*l.*, but not limited to that amount.)

"2. The receipts from the personal and indirect taxes assessed at 1,000,000*l.*

"3. The receipts from the salt tax, 200,000*l.*

"4. 1,000,000*l.* a year from the Moukabala, or commuted land-tax (of short duration).

"And lastly all the revenues already given in pledge to all other loans as they by degrees become liberated by the paying off of those loans.

"These last-named securities include—

"The revenue of Province of Rodat-el-Bahrein (the Delta).

"The Egyptian Customs duties.

"The bridge and lock dues.

"All the farmed duties, such as the duties on salt and fresh fish.

"Sheep tax.

"Oil tax.

"Duties on ferry-boats and barges.

"As, therefore, every security of real value is pledged, and as, without the

means of meeting the floating debt, a very serious crisis in the financial affairs of Egypt must take place, which would be fatal to the interests of the bondholders under her various loans, it would seem that the most feasible mode of averting the danger would be to buy up, for the purpose of consolidation, the loans of 1860 and 1873, and the bonds of the floating debt. By this means the revenues now pledged would be liberated, and would be available as securities for a new loan, to be issued at a moderate rate of interest.

"There is, however, an essential condition on which the success of some scheme of this character depends, namely, that the Khedive should place a person who would command general confidence, such, for instance, as the financial agent sent out by her Majesty's Government to take employment under his Highness, at the head of a Control Department which should receive direct from the tax-collector certain branches of revenue to be defined, but comprising the land-tax and Moukabala, and should have a general supervision of the incidence and levying of the taxes.

"If the tax-collectors throughout the country were placed under the orders of this Department, it would have power to check frauds on the Exchequer on the one hand, and the extortion practised on the Fellaheen on the other. Inspectors should be sent round to take specimen districts, so as to ascertain what every peasant, every sakkia, every date-tree, every feddan has paid during the year, and to trace the amount through the various hands through which it passes before it reaches the Treasury. In this manner it might be proved whether the burdens on the people are aggravated by the misconduct of their head men, and how far the system prevails of collecting taxes at the wrong time of year—of levying perhaps one year's taxes at the end of the year, and again immediately after, at the beginning of the next, under which, it is to be feared, that three years' taxes are sometimes paid in two years.* The system of practically forced loans, which the peasant cannot distinguish from taxes, might also be inquired into; as also whether any special duties, such as those on date-trees, sakkias and shadoofs (methods of irrigation) lead to oppression and extortion.

"His Highness should undertake to consider the recommendations made to him by his Control Department, and to remedy any well-substantiated cases of maladministration that might be brought before him. By these means an important element of future wealth and prosperity would be introduced into the country; as the fellaheen, thus protected from oppression and able to employ the means now wrung from them by the tax-collectors, in excess of what comes into the State Treasury, would add materially to the present resources of the country.

"His Highness should further engage to make no fresh loans without the consent of the Control Department.

"The details of this plan can be worked out when the principle has been settled.

"With guarantees of this kind it might be possible to make the required arrangements, and the present debts having been replaced by one amount at

* These complications are likely to increase in consequence of the substitution of the Gregorian for the Coptic style at the commencement of the present year.

moderate interest, there is no reason why the country should not quickly recover.

"The liabilities of the Egyptian Government are:

Loans.	Paid Off.	To be Paid.	Expires.
1862	£775,800	£2,517,000	1892
1864	572,200	2,132,000	1879
1868	67,480	10,722,520	1893
1873	686,343	31,313,657	1903
1873	922,500	1,157,500	1881
Moustapha, 1867	1,542,688	1,457,312	1881
Daira Loan of 1865, backed by Treasury ... ..	...	13,334,960	...
Floating Debt ... ..	...	1,000,000	...
Abyssinian War expenses ... ..	...	...	...

"The debts of the Khedive's Daira, which it is desirable to bring into the general arrangement, are as under:—

"The Loan of 1870—	
Unpaid Capital... ..	£6,032,620
Floating Debt	3,000,000

"The present Revenue of Egypt consists of:—

"Land Tax	£4,305,131
Moukabala	1,531,118
Other sources of Revenue	4,852,821
	£10,689,070

"These figures will probably be maintained till the end of 1885, and this revenue will go on increasing unless any unforeseen calamity befalls the country.

"In 1886 the Moukabala will cease, and the Land Tax will be diminished by the redemption of the tax, on a large portion of the land. On the other hand, fresh lands which are already brought under cultivation will then have begun to pay tax, and it may be confidently expected that other lands now waste will in the next ten years have been brought under cultivation and become tax-paying. It is also reasonable to suppose that other sources of revenue will have become more productive.

"The Revenue of 1886 and following years may, therefore, be assumed to be at least equal to the following amounts:—

"Land Tax	£3,134,824
Other sources of Revenue (10 per cent. more than in 1876)	5,338,103
Total	£8,472,927
In round numbers	8,473,000

"The amount of unpaid capital on the loans is as follows:—

Small Loans (nearly paid off).	Unpaid Capital.	Annuity.	Expires in.
1864	£2,132,000	£620,312	1879
Daira Loan of 1865 (Anglo-Egyptian)	1,457,312	368,350	1881
1867 (Moustapha)	1,157,500	258,024	1881
Annual amount... ..		£1,246,686	

The Larger Loans.	Unpaid Capital.	Annuity.	Expires in.
1862	£2,517,000	£263,972	1892
1868	10,722,520	953,303	1898
1873	31,313,659	2,565,670	1903
Da'ra (1870)	6,032,620	668,000	1890
Floating Debt of the State	18,243,076	...	...
Ditto of the Da'ra	3,000,000	...	...
Total	£71,828,875	...	...
Say	72,000,000	...	...

"It might simplify any scheme for the consolidation of the debt if the loans which expire within the next six years, and whose annuities can be paid out of the revenue derived from the Moukabala, were excluded from it.

"In this case, in considering the amount of 72,000,000^{l.} given above to be dealt with by consolidation and the resources to meet the annual charges upon it, the following points are to be noted :—

"As concerns the funded debt, the interest on the nominal amount of the loans with which alone we have now to deal is not excessive, but the sinking-funds add to it a yearly charge which is too heavy for the revenue. Were the term of repayment deferred, this charge would be lightened ; it is, therefore suggested that an offer might be made to the bondholders of these loans of a new stock at 7 per cent., repayable by the year 1926, instead of the bonds they now hold redeemable from 1892 to 1903. The inducement to these bondholders to accept the deferred payment would be the security given for the punctual payment of the debt charges, by the special Control Department, to be instituted by the Khedive as above described. A condition of the arrangement would be the transfer of the resources of the country from the service of special loans to the service of the whole debt.

"It may be expected that if the gravity of the situation is explained to the bondholders they will consent to an arrangement for securing to them a fair return on their money, and saving them from the heavy loss inseparable from a financial collapse.*

"As regards the floating debt, it may be supposed that the holders of Treasury Bonds, which have been frequently renewed, and now represent a value far in excess of the amount paid to the Khedive, would willingly take bonds for the present nominal amount of these bonds with an assured interest and repayment.

"It remains to examine whether the resources of the country are equal to the payment of the necessary annuity for covering this payment of interest and sinking-fund.

* "It must be observed that, by clause 19 in the contract of the Loan of 1873, the Khedive engages to make no fresh loans before 1878, except to the extent of 10,000,000^{l.} sterling for public works. It is alleged, however, that this engagement would not be broken by a loan for the purpose of funding existing debts.

"As above shown, the amount of Funded and Unfunded Debt to be paid off, independently of the three small Loans, is £72,000,000
If to this be added, for the expense of the Abyssinian War 1,000,000
And for the cost of this operation 2,000,000

We have a total amount of £75,000,000

"For the interest and sinking-fund of which provision would have to be made. The annuity to repay this sum in fifty years with interest at 7 per cent. per annum would be 5,434,425^{l.}, but as the Da'ra Loan and Floating Debt have been taken into the operation, a proportion of this charge will fall on the private estate of the Khedive, and not on the State ; this proportion would be 672,608^{l.},* leaving 4,761,817^{l.} to be furnished by the State.

"The permanent charges of the Budget are :—

"Tribute to Constantinople	£685,308
Interest on Suez Canal Shares till 1895	198,829
Administration (including Civil List of His Highness and family)	3,067,560

3,951,697

Say 4,000,000

The Revenue of 1876 to 1885 should be	10,689,000
Less the Moukabala (which we propose to deal with separately)	1,531,000

9,158,000

Deduct the permanent charge 4,000,000

5,158,000

The charge for interest and Sinking-Fund 4,761,817

Leaves a working surplus of 396,183

But in 1886 and subsequent years we have shown that the Revenue will be only (except the growth that may be expected in the future)	8,473,000
Deduct permanent charge	4,000,000

4,473,000

Service of Debt.... .. 4,761,817

Leaving a deficit of 288,817

"This deficit might be dealt with by reserving the produce of the Moukabala receipts. These receipts will be 1,531,818^{l.} a year until the end of 1885.

* "The Loan alone, without the interest of floating debt, now costs the Khedive 668,000^{l.} a year, so that this sum can be well borne, as shown by his Highness's Da'ra account.

"The charges on them will be :—

							Surplus.	
In 1876, Annuities of the Loans of 1864, 1865, 1867	....	....	....	....	....	£ 1,246,686	£ 284,432	
1877, ditto ditto	....	....	....	....	....	1,246,686	284,432	
1878, ditto ditto	....	....	....	....	....	1,246,686	284,432	
1879, ditto ditto	....	....	....	....	....	1,246,686	284,432	
1880, Annuities of the Loans of 1865, 1867	....	....	....	....	....	626,374	904,744	
1881, ditto ditto	....	....	....	....	....	626,374	904,744	
1882, ....	....	....	....	....	....	....	1,531,118	
1883, ....	....	....	....	....	....	....	1,531,118	
1884, ....	....	....	....	....	....	....	1,531,118	
1885, ....	....	....	....	....	....	....	1,531,118	
1886, ....	....	....	....	....	....	..	£9,071,688	

"This Reserve Fund would probably be increased by accruing interest up to 1885, or if circumstances should admit of a large portion of it being employed in the redemption of bonds, it is clear that the diminution of charge would convert the deficit caused by the reduction of the land tax in 1886 into a surplus. The Moukabala should be absolutely vested in the Control Department, and be applied by it, so that security should thus be provided against possible fluctuations of revenue.

"It would appear from these calculations that the resources of Egypt are sufficient, if properly managed, to meet her liabilities, but that as all her available assets are pledged for the charges of existing loans, some fresh combination is necessary in order to fund at a moderate rate the present onerous floating debt.

"The annual charge upon the people of Egypt is heavy, and has increased; but the power of meeting it, that is, the wealth of the country as indicated by its exports, has increased in a far greater degree. And it must be remembered that this annual charge includes not only a sinking-fund for the redemption of debt, but a very large proportion of what we should call local taxation. It also includes the cost of much that is done in this country by private enterprise, such as railways, canals, harbours, docks, etc., besides actual rent of lands belonging to the State, and repayment of advances during periods of scarcity and murrain.

"We gather from all the information that we have been able to obtain Egypt is well able to bear the charge of the whole of her present indebtedness at a reasonable rate of interest; but she cannot go on renewing floating debts at 25 per cent. and raising fresh loans at 12 or 13 per cent. interest to meet these additions to her debt, which do not bring in a single piastre to her Exchequer.

"STEPHEN CAVE."

APPENDIX No. 1.

CULTIVATED Lands in the Provinces of Upper and Lower Egypt in the Coptic Year 1591, corresponding to A.D. 1874-75.

	Feddans.	Feddans.	Feddans.
Lands subject to tax and borne upon the Register (Cadastré)—			
Kharadgis*	3,513,941		
Ouchoury†	1,291,166	4,805,107	
Lands not subject to tax and not borne upon the Register, viz.—			
Ouchoury conceded in virtue of Taksids (Title of Concession) delivered by the Rouznameh, which have still to be made the object of an ulterior verification, according to which the tax will be fixed	852,350		
Lands distinct from the Register, and others for which no Taksid has yet been given, i.e.,			
Taxable like the lands Ouchoury at the respective dates, conformably with the decision of the Chamber of Notables	70,000		
Subject to an ulterior verification and survey	197,650		
	267,650	620,000	5,425,107
Deduct—			
Lands cultivated under the preceding Government, that is to say up to the year 1578 (September, 1862)—			
Kharadgis	3,505,179		
Deduct the lands of Rosetta, registered under the Government of Rosetta, and therefore deducted, because these lands were not registered under the Register of the Provinces as regards the year 1591 (1875)	806		
Ouchoury ... ..	...	3,504,373	
		547,603	4,051,976
Difference rendered cultivable under the present Government ... ..	...	...	1,373,131

* Lands paying tax assessed on value of produce.

† Lands paying a fixed tithe.

APPENDIX No. 2.

UNCULTIVATED Lands known according to the preceding Register made during the Reign of Mehemet Ali.

	Feddans.	Feddans.
Provinces of Lower Egypt—		
Mudirieh Garbiéh	550,000	
“ Béhéra	180,000	
“ Charkíéh	100,612	
“ Dakahlíéh	49,955	
“ Galtoubíéh	11,074	
		891,641
Provinces of Upper Egypt—		
Mudirieh El Ghizi-et-Attfeh	25,000	
“ El Fayoum	150,000	
“ Assiout	31,358	
		206,358
Total Feddans ... ..	...	1,097,999

Besides these lands, there exists in the Provinces of Gharbiéh, Charkíéh, Béhéra, and Dakahlíéh about 1,500,000 uncultivated feddans not registered, without counting the area of lakes which may become dry.

APPENDIX No. 3.

DETAILS of the Number of Miles of Railways and Telegraphs established under the Government of His Highness the Khedive.

	Miles.	Total Miles.	Cost per Mile in Pounds Sterling.	Total Cost in Pounds Sterling.
Railways and Telegraphs established up to the end of September, 1873, <i>i. e.</i> —			£ s.	£
Railways	1,110		11,112 0	12,334,320
Telegraphs as far as the Soudan	9,298		90 16	844,258
		10,408		13,178,578
Railways and Telegraphs established in 1874 and 1875, <i>i. e.</i> —				
Railways	100		10,270 0	1,027,000
Telegraphs	145		60 0	8,700
		245		
Total Miles ... ..	...	10,653	Total ...	14,214,278

APPENDIX No. 4.
EXPORTS and Imports of Egypt during the Twenty-six Years from 1849 to 1875.

Period of 13 years under the Governments of Abbas Pasha and Said Pasha.		Period of 13 years under the Government of His Highness the Khedive.	
Exports.	Imports.	Exports.	Imports.
£ sterling.	£ sterling.	£ sterling.	£ sterling.
2,043,579	1,621,369	9,014,277	3,063,487
2,155,420	1,681,630	14,416,661	5,291,297
2,270,333	1,575,374	13,045,661	5,753,184
1,848,779	2,001,913	9,723,564	4,662,210
2,087,938	2,141,964	8,623,497	4,399,097
3,286,436	2,527,433	8,094,974	3,582,969
4,029,543	2,568,692	9,089,866	4,021,601
3,104,948	3,149,230	8,680,702	4,502,969
2,533,907	2,715,215	10,192,021	4,612,143
2,565,625	2,494,143	13,317,825	5,005,995
2,535,651	2,604,933	14,208,882	6,427,564
3,422,959	2,568,539	14,801,148	5,322,400
4,454,425	1,991,020	12,730,195	5,694,820
36,339,543	29,641,155	145,939,273	61,939,736
Excess of exports, £6,698,388.		Excess of exports, £83,999,537.	
Corresponding Years.	Year.	Year.	Corresponding Years.
1849	1265	1279	1863
1850	1266	1280	1864
1851	1267	1281	1865
1852	1268	1282	1866
1853	1269	1283	1867
1854	1270	1284	1868
1855	1271	1285	1869
1856	1272	1286	1870
1857	1273	1287	1871
1858	1274	1288	1872
1859	1275	1289	1873
1860	1276	1290	1874
1861	1277	1291	1875
1862	1278		

The excess of Exports during the above-mentioned period of the reign of His Highness the Khedive over the preceding period is thus £77,301,149, or about 1,154 per cent. upon £6,698,388.

APPENDIX No. 5.

COTTON Exported from Egypt during the Twenty-six Years from 1849 to 1875.

Period of 13 years under the Governments of Abbas Pasha and Said Pasha.				Period of 13 years under the Government of His Highness the Khedive.			
Quintals.	Rotolis.	Year.	Corresponding Years.	Quintals.	Rotolis.	Year.	Corresponding Years.
309,495	16	1265	1849-50	1,181,707	84	1279	1862-3
350,876	53	1266	1850-1	1,717,869	65	1280	1863-4
194,247	86	1267	1851-2	2,001,157	23	1281	1864-5
684,689	94	1268	1852-3	1,288,797	28	1282	1865-6
545,232	..	1269	1853-4	1,260,946	54	1283	1866-7
387,780	64	1270	1854-5	1,253,593	37	1284	1867-8
510,452	2	1271	1855-6	1,391,493	6	1285	1868-9
385,517	16	1272	1856-7	1,351,853	27	1286	1869-70
501,070	29	1273	1857-8	1,966,154	84	1287	1870-1
586,347	6	1274	1858-9	2,108,509	53	1288	1871-2
588,478	88	1275	1859-60	2,418,484	45	1289	1872-3
654,943	57	1276	1860-1	2,599,685	22	1290	1873-4
722,797	6	1277	1861-2	2,615,120	1	1291	1874-5
6,421,427	62			23,154,872	29		

The excess of Exports during the above-named period of the reign of His Highness the Khedive over the preceding periods is thus 10,733,444 quintals and 67 rotolis, or about 257 per cent.

APPENDIX G.

APPENDIX H.

THE FINANCIAL DECREES.

ALTHOUGH the scheme for the unification of the Egyptian debt, based on the decrees of May 2 and 7 of last year, fell through, those decrees themselves technically survived, and though many of their provisions were abrogated by the later edict of November 18, giving effect to the substituted Goschen-Joubert project, some others are still in force, and all three of the decrees must therefore be read together.

The first—of May 2—prescribes the new organisation of the Ministry of Finance, which, it will be seen, has been since importantly modified :—

“ DECREE.

“ We, the Khedive of Egypt, having consulted our Privy Council, have decreed, and do hereby decree as follows :—

“ CLAUSE I.

“ *Establishment of a Supreme Council of the Treasury, and its Functions.*

“ ARTICLE I.—A Supreme Council of the Treasury is established, which will be divided into three Sections. The first of these will be denominated ‘Section for the General Inspection of the Revenue and the State Treasuries;’ the second, ‘Section for the Control of the Revenue and Expenditure;’ the third, ‘Section for Auditing the Accounts.’

“ The three Sections will work separately or conjointly, according to the arrangements provided for by the present Decree.

“ ARTICLE II.—The first Section will be charged with the inspection of the Central Treasury and the supervision of its accounts. This inspection and this supervision shall be extended to any other Treasuries which may be established for any special service. The Section, or its delegated officials, shall have the right at all times to take cognizance of the state of its funds, and to audit its accounts.

“ The reports of the inspectors charged by the Minister of Finance with the inspection of the other Treasuries and of the Inland Revenue Departments shall be communicated by him to the Supreme Council. This Section will superintend the due receipt of all revenues and their strict application to their proper purpose. Every abuse or irregularity shall be reported to the Supreme Council, and proceedings shall be taken against the responsible