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EGYPT:
AN ECONOMIC AND SOCIAL ANALYSIS

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EGYPT: AN ECONOMIC AND SOCIAL ANALYSIS

by

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FOREWORD

TO present a faithful picture of modern Egypt calls for a special combination of gifts. Industry in the first place, for the collection of such a body of facts and figures as Mr. Charles Issawi offers in this book involves no light labour. Scarcely less necessary are the grasp of economic factors and the social insight by which their particular significance and their interrelations are simply and clearly explained. To these scholarly endowments must be added some measure of courage to draw the consequences without fear or favour.

Mr. Issawi paints in bold strokes and with a broad brush. If the finer shades are sometimes obscured, the general situation is all the more effectively brought out. The pressure of the rapidly growing population on the land and its problems of subsistence, the great extremes in income and expenditure, the problems of land utilization, of taxation, and of industry and its social relations, the conflict of ideas and personalities and their influence on the public life of the country—all these and many other aspects of Egyptian life are displayed and documented with clarity and conviction. Whatever changes the war may have produced, these fundamental problems remain to be solved.

There may be Egyptians who will resent so frank an analysis and the downrightness with which Mr. Issawi states his conclusions or voices his sympathies, and I should not myself agree with all his judgements. But there is nothing in what he has written that is not supported by qualified Egyptian writers themselves, and the obvious sincerity with which he points to remedies for the weaknesses that he uncovers must make plain the real object of his study to everyone who seeks the welfare of Egypt.

H. A. R. GIBB

OXFORD,
December 1946

PREFACE

OF the many works written on Egypt, almost all have been mainly concerned with Anglo-Egyptian relations. The object of this book is different: to describe the economic and social structure of Egypt up to the outbreak of the second world war. Hence political issues have been touched upon only in so far as they affect economic and social problems, and international questions have been almost completely neglected.

Egypt's problems deserve study not only because of their intrinsic interest but also because of the unique position that country occupies in the Arab and Islamic world. For Egypt is the undoubted leader of the chain of Arab countries stretching from the Atlantic Ocean to the Persian hills and at the same time is looked to as the fountain of orthodoxy by some two hundred and fifty million Moslems. Yet no attempt has been made since the last war to give a comprehensive view of the country's structure.

The difficulties of such an attempt are great and it is hoped that some of the shortcomings of this work will be attributed to them. For if certain sectors of the national economy, such as foreign trade and cotton, have been very thoroughly mapped out, others, notably industry and labour problems, have received very little attention. My sincerest hope is that sufficient research will be carried out in the next few years to render necessary the complete rewriting of this book, which will have served its purpose if it contributes in any way to stimulate such research.

It is impossible even to mention, much less to summarize, the many events which have taken place since this manuscript was finished, in March 1943. Three tendencies, however, deserve attention.

First the persistent inflation, due to the continued expenditure by British and Allied troops in Egypt and to the shortage of imports. By the spring of 1945 the Cost of Living Index had risen to nearly four times its pre-war level, causing much hardship to fixed income earners. At the same time Egypt's sterling balances have risen to about £300 million. It is now being realized that these balances will not be fully available for the purchase of goods, even within the sterling area, for some time

after the termination of war, a fact which is causing considerable anxiety in Egypt.

Secondly the remarkable growth in the working-class movement during the last three years. The great demand by the Army and industry for labour of all kinds and the consequent rise in the real wages of skilled and semi-skilled workers, together with the relatively favourable labour legislation of 1942–1943, have combined to stimulate working-class consciousness and solidarity. Many new trade unions have been formed and although membership figures are not available the total is certainly much higher than at any time in the past. In recent months workers, fearing the inevitable unemployment which will follow the ending of the war, have been drawing still closer together in an attempt to protect their position, and several severe strikes have occurred.

Finally, there is a very marked spread of socialist sentiment among the petty bourgeoisie and intelligentsia. How far this is due to the hardships of the war and how far to the prestige of the Soviet Union it is difficult to say, but the tendency is clearly discernible and may become a factor to reckon with in post-war Egyptian politics.

Pascal said somewhere that whereas men talk of 'my book' or 'my work' they ought to say 'our book' and 'our work,' because there enters into such works more of other people than of themselves. His remark holds particularly true of this book and a list of all those on whom it has drawn would be long indeed. I must content myself with thanking Mr. M. Messiqua, Dr. Nazmi Abdel Hamid, and Mr. Munir Habashi, for much information and advice; Mr. A. H. Hourani for his help in the publication of this book; and Miss E. Sinadino for typing the manuscript. Professor S. B. Himadeh and Professor C. S. Campbell read the proofs and made many helpful suggestions.

April 1945

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Chapter One

THE BACKGROUND

'Etrange spectacle que celui de l'Egypte, de cette terre qui semble ne devoir nourrir que des oppresseurs et des opprimés.'—Cadalvène.

(A) GEOGRAPHICAL

EGYPT lies in the desert belt which stretches across the Northern Hemisphere from the Atlantic Ocean, through Arabia and Persia, to the heart of China and which forms the main habitat of the Islamic peoples. Apart from the narrow Mediterranean fringe, Egypt receives practically no rain during the whole of the year and but for the Nile would have been as barren as the Sahara or the Libyan Desert.

The topography of Egypt is fairly simple. Parallel to the Red Sea runs a mountain range with peaks of over 7,000 feet high which, after subsiding somewhat in the Sudan, rises again to considerable heights in Eritrea and Abyssinia.

The river valley itself offers some interesting peculiarities. From Aswan to Cairo it runs between two parallel ranges of hills, in certain places some miles apart, in others only a few hundreds of yards. North of Cairo however stretches the Delta, formed by secular deposits of alluvial mud in what was once a broad estuary. The configuration of the Delta has been likened to the back of a leaf, the river and canal banks, which correspond to the veins of the leaf, being higher than the adjoining land. It is this fact which renders the danger of a Nile flood so terrible and makes it imperative to keep a careful watch over the river banks.

To the west of the Nile lie the Libyan hills which gently subside into the Western Desert, a broad flat plain in some of the depressions of which are to be found a series of scattered oases.

As regards climate, the year falls into two parts: a cool winter, from November to April, and a hot summer, from May to October ushered in by the Khamseen, a scorching wind from the south. There is no rainfall in summer and very little in winter, except along the coast. Spring and autumn, as understood by Europeans, are unknown, not only because there is no climatic break between winter and summer but also because practically no trees shed their leaves in winter, while crops ripen not only in July and August but also in April and May. Except

for the variations in temperature there is little difference between the seasons and Egypt is deprived of the bracing effect of the sudden cyclonic changes which take place in Western Europe.

Egypt's vegetation faithfully reflects the regularity of her climate. The traveller passing through the country is struck by the monotony of the landscape, and is hardly conscious of any difference between the neighbourhood of Alexandria and that of Aswan. He will be especially struck by the contrast between Egypt and Palestine, where the sub-alpine regions of Mount Hermon are only a few miles away from the sub-tropical Jordan Valley. The fact that Egypt's 5,000,000 acres of cultivated land are strung out over eight degrees of latitude does however make for a certain diversity. In the north vines, apricots, and even apple-trees can be seen, while the sugar cane flourishes in the south. Yet maize, wheat, millet and cotton, the principal crops, can be found all over the country.

No description of Egypt, however brief, can fail to mention the Nile. One of the most remarkable of rivers geographically, and historically perhaps the most important of them all, the Nile has from time immemorial irrigated and fertilized Egypt's soil, served as her principal means of communication and opened for her a gate into Central Africa. From the earliest times, the main effort of the Egyptians has been directed towards the fullest possible utilization of the life-giving waters of their stream. And to-day the often-quoted saying of Herodotus that Egypt is the gift of the Nile has lost none of its truth.

By the time it flows into Egypt, the waters of the Nile have been swollen from three main sources: the Atbara and Blue Nile originating in Abyssinia and the White Nile whose source is just below the Equator.

The White Nile, after issuing from Lake Victoria and passing through Lake Albert, flows northward to the Sudd or swamp region. Here it is joined by several tributaries of which the main ones are the Bahr el Ghazal and Sobat. At Khartoum the White Nile is met by the Blue Nile, flowing from Lake Tana, and at Atbara by the Atbara river, after which no further tributaries are received.

The most peculiar feature of the Nile is the seasonal flood between July and December when an average rise in the level of the river of $7\frac{1}{2}$ metres is registered at Aswan and $4\frac{1}{2}$ metres at Cairo. The flood water is carried by the Blue Nile and Atbara, in summer turbulent torrents. The waters of the White Nile, regulated by their passage through the lakes and diminished by the enormous amount of evaporation over the

Sudd, flow much more evenly and in winter supply the bulk of the discharge.

It is generally agreed that cultivation was first practised systematically in the Nile Valley. At first snatch crops were probably grown on the moist soil after the recession of the flood waters. Later, in order to take the fullest possible advantage of the Nile water and alluvium, great banks of earth were raised, transversal to the river, dividing the land into basins. The banks served to retain the water a little longer during the flood and the basins were further irrigated by canals which brought them water from a slightly higher level upstream.

This system of basin irrigation, still practised in certain parts of Upper Egypt, has, by ensuring a regular flow of water and an annual fertilization of the soil, made Egyptian agriculture one of the stablest in the world. Its abandonment for perennial irrigation, though increasing the immediate return of the land, has upset a secular balance and raised several acute problems which will be described in a later chapter.

(B) HISTORICAL

The national character and cultural background of a people are formed by its historical past but not all the events in its history contribute in an equal measure. Some are fleeting and leave a transient impression, others return in rhythms or remain constant and indelibly stamp the nation. Egyptian history shows a remarkable set of constant features from the time of the Pharaohs to the nineteenth century.

Unity

The first of these features is the unbroken unity of the country throughout her six or seven millenniums of history. From the time that Menes unified Upper and Lower Egypt and founded the first dynasty up to the present day the land has always—except for brief periods during the Old and Middle Empires—lain under a single government. This unity may be explained in several ways. There is, first of all, the small size of the country and the fact that it is in effect a large oasis naturally rounded off by sea and desert. There is also the flatness of the land which makes it difficult for the occupiers to offer a successful resistance to an invader once their sea or desert defences have been broken, and ensures to the invader who has been able to obtain a secure foothold a rapid conquest of the country. (The only exceptions are the two invasions by the Crusaders, in 1163 and 1249, the former of which was

beaten off near Cairo, the latter at Mansura.) There is finally the vital fact that irrigation has to be planned and executed in terms of the country as a whole and cannot be safely left to independent authorities. But whatever the cause, one effect of this long unity has been to blend the people of Egypt to a perhaps unparalleled degree of racial and temperamental homogeneity sharply marking them off from their neighbours. The inhabitants of the Delta may be lighter in skin than those of Upper Egypt, but there is little difference in their build, their features, their psychological make-up or their ways of thought, while even the differences in idiom are negligible when compared to those prevailing in other countries—a striking contrast is provided by Palestine and Syria where almost every village has its own distinct mode of speech and where the swarthy, curly-haired bedouin may be seen jostling blue-eyed, white-skinned highlanders. Foreign racial elements have of course often burst into Egypt but they have mostly been absorbed by the old national stock and can only be distinguished in the larger towns.

Foreign Domination

The second striking feature is the long period of foreign domination, stretching unbroken from the Persian conquest in 525 B.C. to the nineteenth century. The Persians were ousted by the Macedonians who in turn had to make way for the Romans (in 30 B.C.). The Arabs wrested the country from the Byzantines in A.D. 640–642 and for about two centuries Egypt was successively governed from Medina, Damascus, and Baghdad. In 868, the Turk Ahmed Ibn Tulun felt strong enough to set up a dynasty of his own which was supplanted by that of Mohammed al Ikhshid, also a Turk. In 969 the heretical Fatimites overran the country from the west, founded Cairo and inaugurated one of the most brilliant periods in the history of Egypt. In 1163 Egypt was saved from the Crusaders by the famous Kurd Salah el Din el Ayyuby, who took over the Government from the last of the Fatimites. The Ayyubid Dynasty was supplanted by the Mamelukes, a pretorian guard of Circassian slaves, who preserved their racial identity by continually importing fresh drafts of slaves from Georgia and who maintained their rule after the Turkish conquest of 1516, paying a perfunctory allegiance to the nominal authority of the Sultan and his representative, the Pasha.

For over twenty-five centuries, then, Egypt was never ruled by Egyptians. The seat of government might be in Persepolis, Rome, Constantinople, Damascus, Baghdad, or it might be in

Alexandria or Cairo. But the rulers, the army, and the higher ranks of the bureaucracy were almost without exception foreigners whose one thought was to squeeze the utmost out of the *fellaheen*, from whom they generally kept rigidly aloof.

Autocracy and Centralization

From the time of the Pharaohs, through the Ptolemies, the Roman and Arab governors, to the Turkish kings and pashas, all administration was concentrated in the hands of the ruler and a few chosen ministers and no initiative whatsoever was left to the provinces, except during the Mameluke anarchy when Egypt was in effect partitioned into zones of influence among the beys. Unlike most countries, Egypt has not, during the last two millenniums, had an hereditary feudal aristocracy, with traditions of local autonomy. The result has been greatly to weaken individualistic feeling and completely to uproot the spirit of municipal enterprise. Several millenniums of centralized autocracy have accustomed the Egyptians to look to the government for the initiation of any business whatsoever. At the same time the rapacity of the governors has led to a profound distrust of the Government, the effects of which are still unfortunately only too visible.

Exploitation

In addition to political oppression Egypt has always suffered from intensive economic exploitation. Some idea of the extent of this exploitation may be obtained by reckoning the amount of human labour which went to the erection of the Pyramids of Giza. It is true that this monstrous sacrifice of the nation to its Pharaohs was more than even the docile Egyptians could stand and seems to have led to serious popular risings. But conditions under the later Pharaohs did not show any improvement, as is witnessed by the following letter written by a Middle Empire scribe to his son:

'I have seen the *blacksmith* at work, at the mouth of the furnace. His fingers are as rough as a crocodile's skin. He stinks like the egg of a fish. Does any metal worker enjoy more rest than a labourer? His fields are in the woods, his tools are made of metal. At night, free in name, he goes on working. His arms work all day long and at night he has to watch over the fire.

'The *stonecutter* plies away at all kinds of hard stone. When his work is over and his arms worn out he seeks some rest. Crouching from dawn, his knees and spine are broken down. . . .

'I shall tell you of the *bricklayer*. Disease has its fill of him for he is exposed to downpours of rain, painfully laying his bricks, tied

to the lotus-shaped chapters of the houses. Is it to gain his ends? His two arms are worn out by work, his clothes are dishevelled. He gnaws at his own body; his fingers are to him like bread. Once a day only does he wash himself. He walks humbly, that he may not offend. He is a pawn moving from square to square—squares ten cubits long and six wide—a pawn moving from month to month on the beams of a scaffolding, hanging on to the lotus-shaped chapters of the houses, doing odd jobs of work. When he has earned his bread he goes home and beats his children.

'The *weaver* within doors is more unhappy than a woman. His knees reach up to the pit of his stomach. He does not know the taste of fresh air. Should he one day fail to turn out the stipulated amount of cloth he is seized and tied like a lotus in the marshes. It is only by winning over the doorkeepers with gifts of bread that he contrives to see the light of day. . . .

'The *messenger*, setting off for foreign lands, bequeathes his property to his children for fear of wild beasts and Asiatics. What will happen to him when he is back in Egypt? No sooner has he reached his field, reached his home, than he must be off again. . . .

'I have seen violence, I have seen violence.'[1]

Under the Ptolemies the country was exploited if not more intensely at least more systematically.[2] The Romans faithfully stepped into the shoes of the Ptolemies. Under the Arab Caliphate the tribute of Egypt reached 14,000,000 dirhems. And where the Arabs used whips the Turks and Mamelukes used scorpions.

All this may have been bearable in times of peace and abundance. But when there was civil war or a failure of the Nile the most terrible famines would be experienced, as in A.D. 42, 928, 967, 1064–1072, 1201, 1264, and 1294. In some of these the people had to resort to cannibalism, as in 1069 when passers-by in the streets of Cairo were pulled up by hooks let down from the house windows and eaten.

It is this long unbroken record of misery which perhaps explains the Egyptian peasant's proverbial docility and his acceptance of the very hard conditions in which he lives. Unlike the peasants of many countries he has no golden past to which to look back, and the Egyptian countryside nurses no legends or traditions concerning the good old days.

Frontiers

The movements of Egypt's frontiers have been characterized by two main traits. In the first place, since the time of the

[1] Translated from G. Maspero, *Histoire ancienne des Peuples d'Orient.* (Paris, 1875.)

[2] See P. Jouguet, *L'Impérialisme macédonien et l'hellénisation de l'Orient.* (Paris, 1926.)

Persian conquest, Egypt has always formed part of an empire, either as head or as dependant; secondly, Egypt's main line of expansion has always lain in a north-easterly direction and it is from the north-east that she has always been invaded (the only exception being the Fatimite conquest).

Of the many illuminating remarks made by Hegel in his *Philosophy of History* one of the most striking is his distinction of the three main zones in Africa: the regions south of the Sahara, which constitute Africa proper; North-Western Africa, which he regards as forming part of Europe; and the Nile Valley, which he attaches to the great Asiatic river systems. And in fact Egypt's military conquests have mostly been achieved in South-Western Asia. For to the west of the Nile Valley lies the Libyan Desert, a formidable obstacle bridged only when the Ptolemies united Cyrenaica to Egypt. To the north, the Mediterranean formed an effective barrier to Egyptian expansion, except for an occasional occupation of Cyprus. To the south stretched a vast indeterminate zone of radiation, in which Egypt's political influence rarely reached further than the second cataract, though her cultural influence was felt well inside Abyssinia.

From the earliest times the Pharaohs established trading contacts with the Phoenician towns, mainly with the object of importing wood, of which Egypt has always been short. But no military expansion took place until the eighteenth dynasty when, following the expulsion of the Hyksos, the Egyptian armies reached the Upper Euphrates. Egypt soon, however, lost her Asiatic possessions and, after vainly trying to hold the balance of power against Assyria, was incorporated in the Assyrian Empire. Later, after brief spells of independence, she came under Persian and Macedonian rule.

No sooner were the Ptolemies established in Egypt than they turned their eyes towards Palestine, Syria, and Arabia Petraea, which they continued to dispute with the Seleucids until Rome stepped in and annexed both empires. Not until the time of Ibn Tulun did Egypt once more become independent, and once more she annexed Syria as far as the Taurus. In the same way the Ikhshidites, the Fatimites, the Ayyubids and the Mamelukes always occupied a greater or smaller part of Syria, and Mohammed Ali too felt the same '*Drang nach Osten*'.

Indo-European Trade

One of the chief causes of the persistent expansion outlined above is to be found in the desire of the rulers of Egypt to secure control over all the principal Indo-European trade routes.

From the beginning of the second millennium B.C. Egypt succeeded in establishing trade contacts with Southern Arabia and East Africa and was able to draw on the produce of India through the medium of the Southern Arabians, whose chief port, Aden, was a great entrepôt for international trade. Babylonia had been trading with India and Southern Arabia from even earlier times, and with the opening up of the Mediterranean by the Phoenicians and the growing affluence of the Greeks a strong current of trade began to flow from the Indian Ocean to the Mediterranean. This trade current could flow through one of four main channels:

(*a*) It might take the overland journey across Persia to the Black Sea. This route was both difficult and dangerous and was generally unusable owing to troubled political conditions;

(*b*) Or it might go up the Euphrates as far as Rakka and thence overland to Damascus or Aleppo and the Mediterranean ports ;

(*c*) Or it might reach Aden by sea—after the discovery of the monsoon by the Greeks (probably in the first century A.D.), the direct route across the Indian Ocean was generally taken—and from there by caravan along the Red Sea coast to the caravan cities of Petra or Bosra and so to the Mediterranean ;

(*d*) Or finally it might strike an Egyptian Red Sea port, such as Kosseir, cross to the Nile Valley and thence go down river to Alexandria.

Very little traffic passed through Clyzma (Suez) owing to the prevalence of strong northerly winds which made navigation in the Red Sea very difficult until the use of steam.

This trade current has always been of considerable importance to Egypt for, although the prosperity of the country always depended mainly on agriculture, the heavy tolls levied on the transit of goods and the trading profits built up formed an important source of revenue. Hence, almost from the beginning of the first millennium B.C., the rulers of Egypt have constantly attempted, by peaceful or violent means, to attract as large a share as possible of the Indo-European trade to their country.

Thus, in the seventh century B.C., Necho cleared the twelfth-dynasty canal linking the Nile to the Red Sea. This canal was in more or less constant use until A.D. 776, though often silting up owing to neglect. The Ptolemies founded the Red Sea port of Berenice, protected the caravan route between it and the Nile and organized regular trading fleets to South Arabia and India. They also concluded commercial agreements with

the Nabateans of Petra, intended to divert the flow of goods from the Syrian ports to Egypt, and had to carry out this policy by the force of arms, against the vigorous opposition of the Seleucids.

The Romans cleared the Red Sea of pirates, occupied Aden and even established trading colonies on the Indian coast. They were always anxious to develop the Syrian and Egyptian routes at the expense of the Mesopotamian, the upper reaches of which were controlled by the growing power of the Parthians. From about the fourth century Arabia was involved in the play of power politics, the Persians backing the Arab kingdom of Himyar while the Romans used the Abyssinians of Axum for the promotion of their interests.

The Arab conquest filled the thousand-year-old crack formed by the Roman-Persian frontier and joined the Mediterranean and the Indian Ocean both politically and economically. Moreover, Arab traders pushed vigorously to India and Malaya and even founded a commercial colony in Canton. But the Mediterranean was little used for trade, there being hardly any commercial demand and much military opposition from Europe, and for such trade as there was the Egyptian route was overshadowed by the Syrian and Mesopotamian routes. It was not until the eleventh century, when the growing prosperity of Europe revived the demand for oriental products, that Egypt began to regain her former importance, as is shown by the persistent attacks of the Crusaders on Damietta. Henceforth, and especially after the Tartar ravages in Iraq in the thirteenth century, Egypt became increasingly important as a channel for transit goods and her Mameluke rulers reaped a huge amount of wealth from that trade.

The rounding of the Cape of Good Hope was a deadly blow to Egyptian trade. The Mamelukes quickly realized its significance and, with the help of the Arabs, attempted to destroy the Portuguese fleets in the Indian Ocean. After several fierce battles the Portuguese succeeded in establishing their mastery over the Indian Ocean and henceforth Indian goods came to Europe by way of Lisbon.

(c) RELIGIOUS

In addition to these historical factors must be mentioned the religious factor which, since the conversion to Islam of the mass of the population in the ninth century, has played an important part in shaping the country's cultural background.

Theologically, Islam is characterized by its transcendent

theism, its ready and natural belief in predestination, and its somewhat modernistic outlook on the problems of sin and pain. Ethically, Islam is remarkable for its great insistence on almsgiving and its complete freedom from any racial prejudice, a freedom arising partly out of the Prophet's precepts, partly out of the conjugal liberty which enabled Moslems to have children from wives and slaves of many different races yet gave all these children much the same legal status.

All these facts have had a profound influence. The intransigent transcendentalism of Islam has prevented the emergence of a clergy acting as intermediaries between God and man, though it has not been proof against the infiltration of saint cults nor against the growth of a body of *Ulema*, men learned in religion and canon law, who have the social function and influence associated with a clergy. Predestination, the rejection of the doctrine of the essential sinfulness of man, and the view that God cannot desire His elect to suffer have combined to free Moslems from morbidity to a remarkable extent but have inclined them to accept too unquestioningly and apathetically the lot appointed them in this world and at the same time deprived them of a powerful spiritual ferment.

This conservatism has been accentuated by the large-scale almsgiving and other forms of social charity, so strictly enjoined by Islam. Finally, the absence of any race feeling coupled with the forbidding of women to marry non-Moslems has greatly increased the country's assimilative capacity as regards Moslems, while making all but impossible any solution of the problems presented by its non-Moslem minorities. Syrian Christians, for instance, find themselves still unassimilated after five or six generations of unbroken residence in Egypt. Syrian Moslems, on the other hand, are often Egyptianized a few years after arrival, and invariably after one generation. Similarly Negroes, Tunisians, Arabians, and even Indians have been quite easily assimilated.

Another important aspect is the Arabian origin of Islam. The twin roots of Christianity, Judaism and Hellenism, have oriented the Christian world not only towards the Old Testament but equally towards the Classics. Islam, on the other hand, is purely Arabian in origin, Greek influences on Islamic theology being relatively weak, and the Moslem world has always remained in the grip of the desert and its bedouins. It is significant that the Ommayad Caliphs sent their sons to be educated not at Antioch or Constantinople but—in the Syrian desert.

It is true that, owing to the secular hostility between *fellaheen*

and bedouins,[1] the influence of the desert is much less perceptible in sedentary Egypt than in Syria or Iraq. Nevertheless, the whole of Arab thought and literature is heavily charged with the atmosphere of pre-Islamic and Islamic Arabia, and in consequence tends to produce an archaic frame of mind in those subjected to its influence.

[1] "For every shepherd is an abomination unto the Egyptians." Genesis xlvi. 34.

Chapter Two

FROM FEUDALISM TO CAPITALISM (1798–1882)

'En détruisant dans les Mameloukes une des féodalités militaires de l'Orient, Mohamed Ali prépara la délivrance du peuple.'—Barrault

'Egypt is no longer in Africa—it is part of Europe.'—Ismail Pasha

THE French Expedition of 1798 found Egypt a poor, isolated, and self-contained country, a neglected backwater of the Ottoman Empire, ruined by the diversion of trade from the Mediterranean to the Atlantic. Under Mohammed Ali an attempt was made to create an industrialized, closed, state-controlled economy, and to absorb part of the Ottoman dominions. This plan was defeated by the Powers in 1841, a date which marks the beginning of a process, consummated only after the British occupation, integrating Egypt as an agricultural colonial unit in the international politico-economic system. Its main features were specialization in cotton; the expansion of the cultivated area by means of dams and canals; the freeing of agriculture from its feudal shackles, thus giving growers an incentive to make the fullest possible use of the land; the opening up of the country by means of railways and canals; the immigration of foreign technicians and traders; the depression and eventual disappearance of most of the domestic industries owing to foreign competition; and the accumulation of a large foreign debt.

This process was not a local phenomenon. It extended over the whole colonial and semi-colonial world: South America, Africa, India, China. In most cases it led to a loss of independence and annexation by one or other of the European Powers.

Egypt had none of the advantages which enabled others to escape absorption: no Monroe doctrine to cover her as Latin America was covered; no immensity of territory or remoteness from Europe, as with China; not even, after the defeat of France in 1870, sufficient international rivalries to make it possible for her to play off one Power against another, as did Turkey. Nay, she had one positive disadvantage: the isthmus of Suez, which was bound, sooner or later, to be pierced by a canal and which converted Britain's interest in Egypt from a negative to a positive one, from a desire to keep other Powers off Egypt to a desire to secure control over Egypt.

Even if the world-wide colonial tendencies be ignored and attention restricted to the chain of Moslem countries lying along the Mediterranean coast, it will be seen that in every case contact with the West led to financial indebtedness which in turn led to absorption: Tunis in 1881, Egypt in 1882, Morocco in 1910.[1] Turkey, which alone contrived to combine the advantages of indebtedness with those of independence, is a striking example of the exception which proves the rule since she only did so by making the fullest use of the rivalry between Britain and Russia.

In view of these considerations, too much stress should not be laid on the idiosyncracies and mistakes of the successive rulers of Egypt: the obscurantist Abbas, the reckless Said, the extravagant Ismail, and the vacillating Tewfik. Ismail, particularly, has received more than his fair share of blame; he was borne on an irresistible world-wide current and at most hastened, but did not alter, the course of events. The only person who significantly affected Egypt's destiny was Mohammed Ali the Great, who destroyed Mameluke feudalism, already shaken by Bonaparte, established order and security, developed the cultivation of cotton, and opened up the country to European infiltration.[2]

(A) ECONOMICS AND FINANCE

By the year 1798, the population, which had numbered about 6–7,000,000 in Roman and Arab times, had shrunk to some 2,500,000, of whom perhaps 250,000 lived in Cairo and 8,000 in the ruins of Alexandria.

The system of land tenure was still feudal, having hardly changed since the Arab conquest. The leading Mamelukes parcelled out the country, each controlling a group of villages, whose taxes he often farmed, and holding tax-free land. Excluding *Wakf* (mortmains in favour of religious institutions), the bulk of the land consisted of communal land subject to tax. Peasants enjoyed no property rights, but in practice were left undisturbed and allowed to hand the plots to their children provided they met their taxes and supplied the requisite *corvée* labour on the tax-farmer's estate and irrigation works.[3]

The main crops were *shetwi* (winter), sown immediately after the recession of the flood waters, in November, and harvested

[1] George Young, *Egypt*, pp. xx–xxi. (London, Ernest Benn, 1927.)

[2] G. Guémard, *Les Réformes en Egypte*. (Cairo, 1936.)

[3] A. E. Crouchley, *The Economic Development of Modern Egypt*, p. 17. (London, Longmans, Green, 1938.)

in May; chief of these were wheat, barley, pulses, lucerne, tobacco and flax. *Seifi* (summer) and *nili* (autumn) crops, sown in late spring or early summer, required first the raising of the low river water to the level of the fields and then the keeping out of the flood waters. Maize, millet, rice and sugar-cane constituted the principal *seifi* and *nili* crops. Cotton was grown on a small scale in Upper Egypt.

Industry was very rudimentary and met only the simplest wants. It was carried on by guilds with apprenticeship rules similar to those prevailing in medieval Europe. Nile craft and camels provided the chief means of transport, there being no wheeled traffic. Both roads and river were highly insecure and convoys were generally formed for protection. The different regions were almost self-sufficing, the few towns serving as markets and centres of crafts. Foreign trade went chiefly to the Sudan, Arabia, Turkey and Southern Europe. Imports consisted mainly of European fine cloths, metal goods, and glassware; exports of wheat, rice and onions; and re-exports of African gums, ivories, slaves and gold dust, and Arabian coffee and incense.

Under Mohammed Ali the land system was considerably modified. On the one hand, large tracts of uncultivated land were granted to the Viceroy's relatives and followers. On the other, plots of 3 to 5 feddans[1] were allotted to peasants who, though not enjoying legal ownership of the land, could freely dispose of the produce. A cadaster was made and the collective village responsibility for taxation abolished in favour of individual responsibility. In 1846 transfers and mortgages of property were authorized. Under Said, the rights of male and, subsequently, female heirs were recognized. In 1871, Ismail's financial embarrassments led him to offer absolute property rights to all those paying six years' taxes in advance (Mukabala law). In 1858, foreigners were authorized to purchase land.

Thus in the space of thirty years Egypt effected the transition from communal to small-scale individual ownership. The benefits of the change are obvious but it also had its drawbacks in the form of excessive fragmentation of farms and heavy indebtedness to mortgage banks and usurers.

At the same time the area under cultivation was being extended—from 3,050,000 feddans in 1813 to 4,743,000 in 1877—and an increasing share went to cotton. Mohammed Ali introduced new varieties of cotton and monopolized its export. By 1850, over 350,000 cantars were being exported each year.

[1] For this and other Egyptian weights and measures see the table at the end of the book.

The American Civil War gave a powerful stimulus, exports totalling 2,000,000 cantars in 1865 and, after a temporary set-back, 3,000,000 in 1880. At the same time there was a large increase in sugar-cane production. This expansion took place at the expense of wheat, which was becoming increasingly unprofitable owing to American and Australian competition. The Great Depression of the eighteen-seventies hit Egyptian as it hit European agriculture, but the former stood up to the shock thanks to cotton.

But cotton requires summer water and hence extensive irrigation works. Under Mohammed Ali, river banks were raised and strengthened, in order to protect summer crops from flood water. Delta canals were deepened so as to ensure an adequate supply the whole year round and dams built across them to raise the water level. Finally, work was begun on a large barrage at the head of the Delta, which was not, however, completed until 1891. Under Said and Ismail 8,400 miles of new canals were dug. These canals tended to silt and required much forced labour to keep them clear.

Cotton also absorbs much labour. Population, in spite of Mohammed Ali's wars and a high death-rate, grew rapidly to about 6,800,000 in 1882. But the demand for labour was such that a shortage was felt and a remedy, fortunately unsuccessful, was sought in the establishment of foreign colonies on the land.

Cotton, moreover, requires adequate transport. Mohammed Ali connected Alexandria with the Nile by means of the Mahmoudia Canal, and re-created the city. Egypt was also becoming an important link in the overland route to India and in 1851 a railway was laid down between Cairo and Alexandria. By 1880, Egypt had over 1,300 kilometres of rail and 5,200 kilometres of telegraphs. Three Egyptian and sixteen foreign steamship lines touched Egyptian ports and the Suez Canal had been opened to international trade.

The necessary financial machinery was also set up. The reform of 1835 gave Egypt a bimetallic currency and stabilized the rate of exchange with sterling and the franc until 1914. After 1864, there was a spectacular growth of commercial and mortgage banks.

All this, however, entailed a heavy cost—the accumulation of a foreign debt of £98,000,000. Much of this was obtained at a heavy discount and at exorbitant rates of interest; much was wasted on ostentatious or extravagant schemes; but the bulk was spent on productive public works and the Suez Canal.[1]

[1] Pierre Crabitès, *Ismail: The Maligned Khedive.* (London, Routledge, 1933.)

The Canal has rendered an immense service to the world, but cost Egypt many millions of pounds, deprived her of the profits of the transit trade, inflicted much suffering on the 60,000 men whose forced labour dug the soil, and made foreign intervention inevitable. Egypt can only console herself by realizing that, like England at the Industrial Revolution, like Central Africa at the end of the nineteenth century, like the Boer Republics, like the Soviet Union after 1917, she was one of the victims over whose bodies economic progress had to pass in a planless competitive world.

One last word remains to be said regarding industry. Mohammed Ali's boundless imagination and energy nearly carried Egyptian industry from feudal craftsmanship to full-blown factory capitalism at one leap. His foundries turned out arms, machine tools, and even steam engines. His factories produced cloth, paper, glass, oil, sugar, etc.

These industries were mainly designed to supply the army and navy. They were not very efficient and had to be protected against foreign competition (but so were those of France, Germany, and the United States at that time). Hence the compulsory reduction of Mohammed Ali's army in 1841 and the enforcement of the Anglo-Turkish Commercial Convention of 1838, which permitted British traders to buy and sell anywhere within the Ottoman dominions, meant the ruin of the industries; and, in the absence of local capital and the lack of interest of foreign capital, the unprotected Egyptian market had to wait another eighty years for its industrial renaissance.

(B) SOCIAL STRUCTURE

In 1798, Egypt was oppressed and exploited (one can hardly say governed) by some 10,000 Mamelukes. Of Georgian or Circassian birth, knowing little Arabic, they regarded the country as a vast farm to be squeezed. Below them were the *Ulema*, or ecclesiastical hierarchy, almost the only literate class and enjoying great influence. Under the French, they formed the backbone of nationalist resistance. Next came a weak middle class of merchants, officials, and medium landowners, followed by the craftsmen. Finally there were the *fellaheen*, scratching just enough out of the soil to subsist, after meeting the claims of their oppressors.

The 150,000 Copts (Egyptian Christians) endured much humiliation and persecution but filled important administrative posts owing to their greater degree of literacy. The 7,000 Jews

were occupied chiefly in finance, and the semi-Egyptianized communities—Greeks, Syrians and Armenians—mainly in trade, as were also the few dozens of European residents.

Mohammed Ali destroyed the military power of the Mamelukes but the survivors combined with his Turkish and Albanian followers to form what came to be known as the Turco-Egyptian aristocracy. All the higher military posts, and most of the civil, were filled by Turco-Egyptians, who looked down upon and excluded the native Egyptians.

The influence of the *Ulema* declined continuously with the westernization of the country and the spread of education. The merchant class suffered greatly from the Pasha's monopolies, and the craftsmen from his factories, many of the latter being reduced to the ranks of wage-earners. The opening of the country to foreign goods, the influx of foreign merchants and the increasing westernization and preference for European styles further depressed the condition of these two classes.

The condition of the peasants does not seem to have changed appreciably, for while no effort was made to improve their lot no attempt to tighten the screw can have been successful. Mohammed Ali gave order and security, but imposed conscription and *corvée*. After his reign there was a respite from war and conscription but *corvée* increased and, in the last years of Ismail's reign, taxation became unbearable.

Ismail's reign saw the emergence of a new bourgeoisie of prosperous landowners—a result of high cotton prices and the institution of private property in land. The fact that £E13,500,000 was subscribed to the Khedive's loans of 1874 shows the growing wealth of the richer classes. Their political influence will be considered later.

The position of the minorities improved greatly under Mohammed Ali's tolerant rule. In the first place, the disabilities regarding dress, etc., from which they suffered were removed and they were allowed freely to build churches, convents, and synagogues. Secondly, the Pasha, in his search for efficient assistants, made greater use of them than had the Mamelukes. Further amelioration took place under Said and Ismail and soon the Armenians were playing an important part in administration and the Jews in finance, while the Syrian immigrants, most of whom had been educated in American and French mission schools in Lebanon, served as useful intermediaries between Europeans and Egyptians in government service, commerce and the press.

The number of foreigners increased very rapidly—from

about 3,000 in 1836 to over 68,000 in 1878[1]—and foreign influence rose in an even greater proportion. Protected by the Capitulations, which exempted them from taxation and granted them the right to be tried in their own courts, foreigners invested capital in the country and soon came to control most of its commercial and all of its financial activities. They were greatly helped by the pro-European sentiments of Said and Ismail and the strong current of europeanization which was transforming whole quarters of Cairo and Alexandria and affecting every detail of the mode of living of the upper classes.

The foreigners who flocked to Egypt were perhaps the indispensable agents of europeanization. But the immunity granted by the Capitulations would have corrupted better men than they were, and there is no doubt that Egypt suffered considerably from the suddenness of the impact. Throughout his reign, Ismail sought to remedy the abuses of the legal system and in 1876 the mixed courts were founded, whose function was to try civil and commercial cases in which foreigners were involved.

It cannot be said that this improved matters greatly from the Egyptian point of view, since many of the objections levelled against the consular courts were equally applicable to the mixed courts, whose competence moreover did not cover criminal cases, and since no curtailment of foreigners' fiscal immunities was effected. But the mixed courts were an indispensable prerequisite of large-scale foreign investment, since they substituted one general law and court covering all foreigners for the particularisms of every consular tribunal and jurisdiction. In a sense the mixed courts may be said to have increased foreign influence in Egypt, though admittedly stripping it of some of its more flagrant abuses.

(c) POLITICAL AND ADMINISTRATIVE STRUCTURE

The centralized system set up by the Turks in the sixteenth century soon broke down. The Viceroy became a *roi-fainéant*, a prisoner in the citadel, dismissable at will. All power lay in the hands of the beys, or chiefs of the Mameluke factions.

Under Mohammed Ali a drastic centralization and reorganization took place. A continuous hierarchy linked each village with the Provincial Governor, or *Mudir*, who depended directly on the Pasha. Slight improvements were also intro-

[1] Of whom 14,000 were Frenchmen, 15,000 Italians, and 30,000 Greeks; J. Heyworth Dunne, *An Introduction to the History of Modern Education in Egypt*, p. 343. (London, Luzac, 1938.)

duced in the fiscal and judicial systems and commercial courts were created.

Under Said and Ismail further centralization took place, the post of *Mudir* being abolished. Provincial courts were founded and the *Code Napoléon*, which was to form the basis of Egyptian civil law, was translated into Arabic.

Mohammed Ali's wars need not detain us long. That some were carried out for personal or dynastic ends cannot be denied, nor yet that they bled Egypt. But it should not be forgotten that the Arabian and Greek campaigns were begun at the request of the Porte, whose orders Mohammed Ali did not feel sufficiently strong to defy, while the Syrian campaigns secured for Egypt her autonomy and enabled her to sever her links with the decaying Ottoman Empire. And that autonomy was the necessary precondition of development is shown by the backward state of the Arab countries which had the misfortune to remain under Turkish rule.

Ismail Pasha, by a lavish use of bribes and presents, secured the title of Khedive and full legislative and fiscal autonomy within the framework of the Ottoman laws. Thus, by 1875, Egypt may be described as a practically independent kingdom.

(D) EDUCATION AND CULTURE

Culture was practically at a standstill in Mameluke Egypt. Ibn Khaldun's majestic synthesis marked the last great creative effort of Islamic thought, henceforth reduced to mere repetition and memorization of texts. Even such classical texts as al-Farabi, Ibn Sina and al-Ghazali's philosophical works were no longer studied at El Azhar.[1]

Elementary instruction was provided in the *kuttab*, where boys—girls rarely attended—were made to memorize the Koran. The apex of the educational system was the *madrasa*, or mosque school, of which the most famous was El Azhar with some 2,000 students, including a large number of foreigners. The curriculum was entirely medieval, by far the most important subject being theology, of which grammar and law were regarded as ancillaries. Mathematics, astronomy, and physics were studied exactly as they had been studied four hundred years earlier.

Mohammed Ali's educational policy had a simple aim—the training in the shortest possible time of a body of assistants who would master European technique sufficiently well to help him

[1] Al-Ghazali's theological works, however, were studied. See Heyworth Dunne, *op. cit.*, p. 56.

run a modern army and administration. The Pasha never looked beyond this purely utilitarian end. He had neither the resources nor inclination to set about educating his subjects for their own sakes. Naturally his utilitarianism and haste defeated their own object and the end of his reign was characterized by a deep disillusionment which led him to close down many of his schools. Nevertheless his efforts were successful in spreading a certain amount of European culture which was to act as the direct stimulus of the Egyptian intellectual renaissance.

Two main methods were used, the sending of students on missions to Europe and the founding of Special Schools (Languages, Polytechnic, Medical, and Military) fed by a few primary and secondary schools. The mission students disappointed the Pasha, but helped to spread European culture by translations. The schools broke down owing to lack of qualified teachers. In the primary schools recourse was inevitably had to Azharites, which meant that the old methods of the *kuttab* continued to be used. In the Special Schools the problem of explaining specialized subjects to uneducated youths could not be solved. The attempt to force the educational pace was unsuccessful, the smattering acquired being forgotten soon after leaving.

Ismail made a vigorous attempt to improve the educational level. Mission students were used in the Special Schools and many secondary and primary schools were founded. But although the number of pupils increased rapidly, the quality remained almost as poor as before.

Mohammed Ali ran his schools on a military basis and conscripted the unwilling students. Even in 1875 only 21 per cent of the students paid fees.[1] The mass of the boys were still supported by the Government, which fed and clothed them (with military uniforms) and kept a lien on their services. Of those who graduated between 1865 and 1875 no less than 63 per cent were absorbed in the army and a further 19 per cent in the Civil Service.[2] This dependence helped to fasten the idea, still held to-day, that education is a means towards securing a government job.

Mohammed Ali's reign marks also the beginning of an infiltration of foreign schools—French, American, Italian, and Greek. By the end of Ismail's reign there were some 200, mostly mission schools, but including 25 non-communal lay establishments. In 1878, the percentage of boys of Egyptian nationality in European schools was 52 per cent,[3] a notable figure even bearing in mind that some of these must have been Syrians, Armenians or Jews, and not Copts or Moslems.

[1] *ibid.*, p. 353. [2] *ibid.*, p. 381. [3] *ibid.*, p. 436.

Nevertheless, in spite of the government missions, it cannot be said that the Egyptians made as full use of foreign education as the Levantines, a fact which was to have considerable social repercussions.

The Arabic literary renaissance was provoked by two stimuli, Mohammed Ali's educational missions to Europe and the American and French religious missions in Lebanon. Both began yielding fruit in the eighteen-fifties, with Yaziji and Bustani in Beirut and Rifaa in Cairo. Translations of European works were frequent, covering such diverse subjects as history, medicine, law, science, literature and economics. Attempts were even made to adapt European plays and start a drama. The Egyptian Press dates from the time of Ismail. Syrian immigrants such as Adib Ishak, Selim Nakkash and the Takla brothers, who founded *El Ahram*, played an important part in voicing the growing discontent against Ismail and resentment at foreign interference.

(E) EGYPTIAN NATIONALISM

Egyptian nationalism first manifested itself as a violent reaction against the French invasion and it would seem as though a genuinely Egyptian, anti-Turkish, sentiment helped to carry the Albanian Mohammed Ali to power. But although Mohammed Ali conscripted the Egyptian *fellaheen*—the first attempt for centuries to use them as soldiers—the higher ranks were closed to them and they were treated as a subject race. Abbas pushed this policy still further, leaning chiefly on a reactionary combination of Turks and *Ulema* and strengthening the Albanian element in the army.

Under Said there was a sharp change. In several public speeches he stressed the rights of Egyptians, thus angering the Turks. He improved conditions of service in the army and promoted many Egyptians to the rank of colonel. Ismail's return to the pro-Turkish policy of his predecessors was therefore bitterly resented by all Egyptians in the army. The Arabi revolt, which was backed by the mass of small landowners, and seems to have had social as well as political aims, was partly directed against foreign intervention but mainly against Turkish predominance. The utter, perhaps wilful, misunderstanding of the aims of the revolt by the British and French representatives—some of whom seem to have acted as *agents provocateurs*[1] in order to precipitate a crisis which would

[1] M. Sabry, *da Genèse de l'Esprit National Egyptien*, pp. 213–19. (Paris Librairie Vrin, 1924.) T. Rothstein, *Egypt's Ruin*, chap. xii. (London, 1910.)

justify foreign intervention[1]—was a great misfortune for Egypt, for it wrecked the one movement which might possibly have preserved her independence and carried out the necessary reforms.

The only other tendency worthy of notice is the Constitutionalist movement. It was an upper-class movement, born of prosperity, the spread of Western political ideas through the schools and Press, and the presence in Egypt of Jamal ed-Din el-Afghani, with his call for a purer and more democratic Islam. Already restless at the end of Ismail's reign, it developed into a regular nationalist opposition at the beginning of Tewfik's, attacking the Khedive for being at once too despotic and too much under the thumb of foreigners. It is interesting, as an indication of their social tendency, to point out that the Constitutionalists were particularly enraged by the repeal of the Mukabala settlement in 1881.[2]

[1] This took at first the form of a joint Anglo-French control. France subsequently backed out, leaving Great Britain alone in Egypt.

[2] Abdel Rahman el Rafi, *Al thaura al Arabia*, p. 74. (Cairo, 1937.)

Chapter Three

BRITISH OCCUPATION (1882–1922)

'The Englishman, straining far over to his loved India, will plant a firm foot on the banks of the Nile.'—Kinglake

'The rebellion of 1919 was a natural development of the nationalist movement of the whole previous century.'—George Young

A SEARCHING, yet objective, history of the British occupation of Egypt has still to be written. All accounts so far published have been either fulsome panegyrics or bitter criticisms.[1] The panegyrists forget the remarkable progress achieved under Ismail, fix their gaze on the last years of that monarch's reign, when the pressure of bondholders and bill brokers had driven him to extremities, confine their description of the occupation to an account of financial achievements, irrigation works, and commercial expansion, and conclude that Britain lifted Egypt from the depths of misery to the heights of prosperity. The critics, dazzled by the glory of Mohammed Ali and the splendour of Ismail, shut their eyes to the inevitable consequences of the latter's extravagance, denounce the stagnation of industry, education and civic life, and conclude that all Egypt's woes are directly traceable to British occupation.

It is, however, impossible to obtain a balanced picture as long as the British occupation is studied apart from its historical context. Once more it is necessary to repeat that Egypt's economic destiny was shared by a very large part of the globe; it is also necessary to repeat that the colonizing process began not in 1882 but in 1841. Cotton was not an English innovation; nor was irrigation; nor was de-industrialization; nor were the Capitulations and mixed courts; nor above all was foreign indebtedness. To a much greater extent than he would have cared to admit, Cromer merely carried on Ismail's work, often using the same methods.

It is, furthermore, essential to remember that the hands of the British rulers were far from free. The bondholders, French and British, would not be cheated of their pound of flesh and

[1] Amongst recent works Young's *Egypt* gives the most balanced and objective account.

resisted all attempts at lightening the burden of the debt.[1] The French and Italians cast longing looks on Egypt, the Russians eyed the British occupation with great disfavour and Bismarck could always be relied upon to trouble the waters as soon as they showed any signs of settling. The greatest financial caution was necessary in order to remove any pretext for further European intervention.

When all these factors are borne in mind it becomes clear that the British were neither a gang of Machiavellian schemers nor a host of St. Georges in shining armour, but in the main, honest and efficient administrators suffering from the limitations which fatally beset any attempt by one people to govern another and which, because of the reactions they provoke and the consequent waste of energy, bring it about that foreign domination, however efficient, is no adequate substitute for self-government.

(A) PUBLIC FINANCE

The Law of Liquidation of 1880 had fixed Egypt's debt at £98,377,000. During the first twenty years of the occupation new loans and conversions added a further £18,210,000.[2]

The Debt service and Tribute absorbed just under £E5,000,000 or over half the Budget and half the value of exports. The position was further complicated by the fact that, under the international arrangements, the Egyptian Government could freely dispose only of a limited proportion of its revenue.

The years 1883–1888 have been called 'the race against bankruptcy'. Many expedients were resorted to,[3] yet on more than one occasion the Government came within £E5,000 of bankruptcy. After 1888 the increasing cotton production, reinforced after 1899 by the rise in prices, pulled Egypt out of the trough. From then on all budgets showed surpluses, which went to form a State Reserve Fund. In 1904 the Anglo-French Agreement, ratified by the other Powers, freed the Egyptian Government from practically all outside control.

The financial reform took two main forms: centralization and simplification of administration and accounts, and collection of taxes just after the marketing of crops; and abolition of vexa-

[1] For an excellent self-revelation of the mentality of the French bondholders, see A. Gavillot, *L'Angleterre épuise l'Egypte*. (Paris, 1895.) There is no reason to believe that the British bondholders were more disinterested than those on the other side of the Channel.

[2] The Earl of Cromer, *Modern Egypt*, vol. ii, p. 450. (London, Macmillan, 1908.)

[3] See Young, *Egypt*, pp. 157–8.

tious or unproductive taxes (salt duties, octrois, etc.) estimated at nearly £E2,000,000 per annum.

The main sources of revenue throughout the period were the land tax, customs duties and State Railway receipts. At first the land tax accounted for nearly 70 per cent of the total, but slight remissions and the increase in customs receipts, consequent on the growth of foreign trade, brought down its share to 30 per cent. The main defect was undoubtedly the absence of direct taxation other than land and house tax, owing to the Capitulations.

In his 1902 Report Lord Cromer gives the following figures for receipts and expenditure between 1882 and 1901:

Revenue: Ordinary, £E205,000,000; Loans, £E15,000,000; Conversion and Sundries, £E4,000,000; Total, £E224,000,000.
Expenditure: Tribute and Debt, £E93,000,000; Administration and Pensions, £E62,000,000; Army, £E12,000,000; Public Works, £E10,000,000; Justice, £E7,000,000; Civil List, £6,000,000; Education, £E2,000,000; Health, £E2,000,000; Extraordinary Expenditure, £E20,000,000;[1] Total, £E214,000,000.
Surplus: £E10,000,000.

These figures well illustrate Cromer's declared policy of 'balancing the budget . . . on the basis of maintaining the *status quo*'.[2] Nearly half the expenditure took the form of Tribute and Debt service. The bulk of the rest was absorbed by Administration. Health and Education between them accounted for 1½ per cent of the whole. Public Works, however, which could pay, took 8 per cent.

The next ten years saw a slight expansion of services but the main lines remained unchanged. By 1913 the Debt had been reduced to £94,350,000 of which £5,460,000 was held in the State Reserve Fund.[3] In other words the Government had not only paid off all loans contracted during the occupation, but also reduced Ismail's debt by some £10,000,000. Thanks to the 1890 Conversion and the redemption of stock the interest and sinking fund charges were reduced by £900,000.[4]

[1] Of which £E4,000,000 was spent on irrigation works, £E2,600,000 for the Sudan, and £E900,000 on railways.

[2] Quoted by M. A. Rifaat, *The Monetary System of Egypt*, p. 31. (London, 1935.) It is surely significant that Cromer's Annual Reports invariably began with a section on finance!

[3] *Report by H. M. Agent and Consul General on the Finances, Administration and Condition of Egypt and the Soudan in 1913*, p. 24. (H.M. Stationery Office. Cd. 7358.)

[4] Cromer, *op. cit.*, vol. ii, p. 450.

(B) ECONOMICS AND FINANCE

The economic expansion which had set in under Ismail was resumed and accelerated during the British occupation. Almost all indices show a notable advance and it is probable that *per capita* income during the first decade of this century was higher than at any time in modern Egyptian history, with the possible exception of the early nineteen-twenties.[1] This prosperity, however, rested largely on a continuous importation of capital and accumulation of foreign debt, the consequences of which were not less nefarious because it was built up on private, and not on Government, account.

The prime motor of economic progress was the dams and barrages. The Delta Barrage was reinforced and put into service; together with the Zifta Barrage, on the Damietta branch, it raised the level of the river and supplied the feeder canals of Lower Egypt. The Aswan Dam, completed in 1902 and heightened in 1910, increased the quantity of water available in summer by over 2,000 million tons. The Assiut and Esna Barrages supplied the canals and basins of Upper Egypt.

The results made themselves immediately felt. Middle and Lower Egypt were converted to perennial irrigation and the basins of Upper Egypt assured of a regular supply. The cultivated area rose from 4,764,000 feddans in 1881 to 5,658,000 in 1911, while the crop area increased to 7,712,000.[2] The bulk of the increase was taken up by cotton, which in 1913 accounted for 1,723,000 feddans or 22 per cent of the crop area, and maize, whose acreage was 1,853,000 or 24 per cent of the total. Although wheat acreage increased by nearly 50 per cent to 1,306,000 feddans its proportion to the total fell from 21 per cent in 1879 to 17 per cent in 1913 while the acreage under beans actually declined.[3]

Once more it is necessary to repeat that the decline in wheat and beans, both of which had formerly been export crops, arose from foreign competition and not from a devilish design on the part of the British to starve the Egyptians by misdirect-

[1] Comte Cressaty, *L'Egypte d'aujourd'hui*, pp. 177–80. (Paris, 1912) estimates the wholesale value of the principal crops in 1908–1909 at £E60,000,000, i.e. £E5.37 per head. At no time since 1929 has it been so high, see Table IX below. The high values of the early nineteen-twenties were accompanied by very high prices of imported goods.

[2] The difference between cultivated and crop area arises from the fact that under perennial irrigation more than one crop can be grown on the same patch of land during the year.

[3] Crouchley, *Economic Development*, p. 164.

ing all their energies to cotton production. To say this, however, is not to imply that the British were not extreme cotton enthusiasts, since cotton was at once a cash crop which enabled Egypt to pay her debts and a much-needed raw material for Lancashire. As a result of the care taken of cotton, the yield rose from about 3 cantars per feddan in 1880 to 5.47 in 1895–1899.[1] After this date a sharp decline set in, the average falling to 4.67 in 1900–1914, owing to soil exhaustion, lack of drainage and pest attacks, all of which are directly attributable to the spread of perennial irrigation. Remedies in the form of adequate drainage and the use of chemical fertilizers were just beginning to be applied when war broke out.

The size of the cotton crop, on the other hand, showed an uninterrupted increase, from 3,100,000 cantars in 1879 to 4,100,000 in 1890 and 7,700,000 in 1913.[2] Until the end of the century prices continued to sag, from $22 in 1870 to $14 in 1880, $12 in 1890, and $7 in 1897.[3] The rise in production was insufficient to offset the fall in prices and up to 1895 the value of the cotton crop showed a slightly falling tendency. Then, during the first decade of this century, cotton prices more than doubled, and the value of the crop rose to over three times what it had been at the beginning of the occupation.

Population continued to grow swiftly, from 6,800,000 in 1882 to 12,750,000 in 1917. The rate of growth, however, persistently declined, as the shortage of labour came to an end. It may be said that the turn of the century marks the end of the period of labour shortage and the beginning of the period of population pressure on the land.

Although Cairo and Alexandria expanded rapidly, the bulk of the increment in population remained on the land. The Government's policy of encouraging small landowners, the abolition of the last remaining restrictions on ownership, the extension of cultivated area, the breaking up of the Daira Sania (Khedivial) estates of 280,000 feddans, the formation of several land companies with the object of reclaiming land and selling it to the peasants, the great expansion of credit facilities, and, of course, the subdivision of land among heirs—all helped to raise the number of landowners from 738,000 in 1895 to 1,556,000 in 1913.[4] The bulk of this increase is accounted for by small owners (those owning less than 5 feddans) who in 1913

[1] *ibid.*, p. 155.
[2] *ibid.*, pp. 263–4.
[3] *ibid.*, pp. 263–4.
[4] These figures probably exaggerate the real growth owing to increased registrations, but not significantly. See *Report for 1906.* (H.M. Stationery Office, Cd. 3394.)

numbered 1,411,000 with a total holding of 1,419,000 feddans, while 12,500 large landlords owned 2,450,000 feddans.[1] It will thus be seen that the mass of the rural population—in the 1907 Census the number of men occupied in agriculture was given as 2,258,000—consisted of small peasant proprietors. But the process by which the number of landowners was increased had one very serious drawback: the accumulation of a huge mortgage debt, estimated by Cressaty[2] at over £E51,000,000 excluding short-term loans granted by usurers.

The position of rural labourers seems to have improved slightly. In 1913 the average wage was about PT4 per day.

The network of State Railways was more than doubled during the occupation, the total length in 1909 being 3,200 kilometres; in addition, light railways were laid down in the Delta and Fayyum by private enterprise, bringing the total for the country up to 4,800 kilometres.

The main defect of the Egyptian railways was their isolation from the adjacent countries. As regards Palestine and Libya the fault lay with the Turkish authorities. But the Sudan was another matter and it may be suspected that the failure to connect Aswan with Wadi Halfa (the northern terminus of the Sudan railways) was due to the desire of the British to isolate the Sudan strategically and to divert its trade from Alexandria to the newly founded Port Sudan.

The net receipts of the State Railways were about £E1,500,000, or a tenth of the budget, which explains the great neglect of roads and canals. As Arminjon pointed out,[3] Tunisia, whose population was only one-sixth of that of Egypt, had a larger and very much better network of roads. The Government's attitude towards river navigation was, until 1906, frankly obstructionist. Tolls were levied and licences exacted, with a view to diverting river traffic to the railways.[4] Bridges were built and irrigation canals dug without any consideration for the interests of river boats. No locks, river ports, or landing facilities were provided. By 1906 all tolls and dues had been abolished, but no positive efforts to improve, or even to regulate, river navigation were made.

In contrast with this expansion of agriculture and transport, industry showed almost no progress, the only noteworthy foundation being two salt factories, two spinning mills, two

[1] In *Egypte Contemporaine* of 1913 (published by *La Société Royale d'Economie Politique, de Statistique et de Législation*, Cairo) Mr. J. I. Craig showed that a Pareto line could be fitted to the land distribution figures. [2] *op. cit*, p. 189.

[3] Pierre Arminjon, *Situation économique et financière de l'Egypte* (Paris, 1912), p. 121. [4] *ibid.*, p. 125.

breweries, and some cigarette factories. The 1907 crisis saw the liquidation of many small industrial firms. The most important industry was the sugar industry, founded by Ismail, which employed 20,000 men and supplied part of the country's requirements.

Although the decline of many domestic industries continued, owing to changes of fashion and foreign competition, the staple industries—cotton, wool, flax and silk weaving—actually developed,[1] imports of yarn increasing considerably. New industries, for the most part equipped with modern machinery, sprang up for the ginning and pressing of cotton, the extraction of oil from cotton-seed and its use in soap manufacture. In 1907 the total number employed in industry and mining was given as 380,000. Daily wages for unskilled male labour seem to have been about Pt4–8.[2]

The Government has often been criticized for its unsympathetic attitude to industry. It is certain that development could only have taken place under protection, but that moderate protection would have sufficed. Lord Cromer's opinion was, however, that 'it would be detrimental to both English and Egyptian interests to afford any encouragement to the growth of a protected cotton industry in Egypt'[3] and that it was 'not desirable to impair the considerable revenue derived from customs duties on cotton goods'.[4] Moreover, the Customs duties could not be raised without international consent. In view of Lord Cromer's free trade principles, his desire to preserve the Egyptian market for Lancashire and to increase the country's revenues, and the international complications involved, it would have been too much to expect protection. But hostility to industrialization and fiscal preoccupations went further. Coal paid the same duty (8 per cent) as any other imported material. Local cotton goods were subjected to an 8 per cent excise duty. Finally, the cultivation of tobacco, which supplied the raw material of one of Egypt's main industries, was first taxed exorbitantly, then forbidden outright. It is clear that Egypt was not thought of as a country capable of industrialization.

More interest was shown in the matter of mining concessions, and in 1903 Lord Cromer could declare that 'nearly all Egyptian territory lying between the Nile and Red Sea has been allotted to private syndicates'.[5] But although many

[1] See a set of articles in *Egypte Contemporaine*, 1910, 1911.
[2] *ibid.* See also J. Vallet, *Les conditions des ouvriers au Caire* (1911).
[3] *Report for 1819.* (H.M. Stationery Office. Cd. 95.)
[4] *ibid., 1901.* (Cd. 1012.) [5] *ibid., 1903.* (Cd. 1951.)

companies were founded and much prospecting carried out, leading to the discovery of oil, manganese, phosphates, and iron deposits,[1] actual production at the outbreak of war in 1914 was negligible.

Foreign trade showed an increase, at first slow, then very rapid. Exports rose from £E11,000,000 in 1885–1889 to £E31,700,000 in 1910–1914. The whole of the rise was due to the increase in the volume and value of cotton, the proportion of which to the total rose from 81 per cent to 93 per cent. Other exports were raw wool, eggs, rice and onions. Sugar exports steadily fell off from £E700,000 to £E100,000.

Imports rose even more, from £E7,900,000 in 1885–1889 to £E25,200,000 in 1910–1914. A heavy export surplus was always registered on merchandise account, reflecting the fact that Egypt paid out some £E150,000,000 in interest during that period. Imports consisted of manufactured articles, raw materials, fuels, and foodstuffs.

England continued to be Egypt's biggest supplier, though her share in Egypt's imports fell from 37.5 per cent in 1885–1889 to 30.5 per cent in 1913 while her share in exports declined from 63 per cent to 43 per cent.[2] Germany and the United States absorbed an increasing quantity of Egyptian exports, while France and Turkey maintained their position as Egypt's main suppliers after Britain. Although preference was given to British firms in government contracts there was no attempt to reserve the Egyptian market for British exporters.

The rapid fall in the price of silver after 1860 made it impossible for Egypt to maintain her bimetallic system. In 1885 the unit of currency was declared to be the Egyptian gold pound, silver being only used for token coinage, while the sovereign, Napoleon and Turkish pound were admitted at specified rates. As very few Egyptian pounds were minted, the sovereign, the least undervalued of the foreign coins, soon became the effective currency of Egypt.

Egypt's chief short-term credit requirement is for the moving of the cotton crop. Hence each autumn a flow of gold of £E4–13,000,000[3] entered the country, a considerable proportion leaving in the spring and summer in payment of imports and interest. Much gold stayed behind, however, in hoards or to meet the needs of circulation, the stock in 1913 being estimated at about £E20–30,000,000. Between 1886 and 1914,

[1] Max Ismalun, 'La situation minière d'Egypte', *Egypte Contemporaine*, 1912.

[2] Crouchley, *Economic Development*, p. 174.

[3] *ibid.*, p. 176.

too, £E3,846,000 worth of silver coins were minted abroad for use in the country.[1]

In 1898 the National Bank of Egypt was founded and given the privilege of issuing banknotes with a 50 per cent gold cover. Their use spread very slowly and in December 1913 there were only £E2,700,000 in circulation. There was always a seasonal expansion in autumn in connexion with the cotton crop. By 1914 the number of Mortgage Banks had risen to four and their capital to £E55,000,000. The National Bank's deposits rose slowly to £E6,900,000 at the end of 1913. Like all other commercial banks its business consisted mainly in financing the cotton crop by advancing to large growers, merchants, and exporters. In 1902 the Agricultural Bank was founded with a view to advancing short-term loans to small cultivators. In 1911–1912 it granted 23,000 loans to a total value of £E1,030,000.[2]

The first twenty years of the occupation saw little foreign investment. After 1900, however, following the reconquest of the Sudan, the completion of the Aswan dam and the Anglo-French Agreement, a violent investment boom set in. Between 1900 and 1907, 160 companies with a capital of £E43,000,000 were formed.[3] Credit was available to all, immense advances were made on land, and the nominal value of securities quoted in Cairo rose from £E10,700,000 in 1903 to over £E51,000,000 in 1907. Prices of consumer goods also shot up—e.g. wheat by 50 per cent—as did also wages.[4] In that year a world slump began and a sharp collapse ensued in Egypt. The rest of the pre-war years were spent in liquidating the 1907 boom. Nevertheless in 1914 the total value of the capital of joint-stock companies operating in Egypt was £E100,000,000, of which £E92,000,000 were owned abroad. Egypt's liabilities to foreigners on account of interest had risen to £E8,500,000 per annum[5] and it looked as though the country was sinking deeper and deeper in debt.

The distribution of foreign capital in 1914 was as follows: French, £E46,267,000; British, £E30,250,000; Belgian, £E14,294,000. It will be seen that no attempt was made to reserve the Egyptian investment market for British interests.

[1] Ministry of Finance Archives.

[2] J. Zannis, *Le Crédit agricole en Egypte*, p. 91. (Paris, 1937.)

[3] A. E. Crouchley, *The Investment of Foreign Capital in Egyptian Companies and Public Debt*, p. 53. (Cairo, Government Press, 1936.)

[4] Blunt, *Œuvres du Congrès Egyptien de 1910*, p. 283. (Bruges, 1911.)

[5] Crouchley, *Investment*, p. 74.

(c) THE ECONOMIC EFFECT OF THE WAR (1914–1922)

Although Egypt was not a belligerent she could not escape feeling the effects of the war, particularly in view of the presence on her soil of British troops.

After an initial drop, cotton prices rose very sharply to an average of $38 in 1916 and $90 in 1919. Exports jumped to £E41,500,000 in 1917, £E80,100,000 in 1919, and £E88,000,000 in 1920. Although imports also went up their expansion was limited by shipping shortage until 1920, when the record figure of £E101,150,000 was attained. Hence a large export surplus was built up. At the same time British troops were disbursing large sums, estimated at £E83,946,000.[1]

Owing to a shortage of gold, the notes of the National Bank were, in 1914, declared legal tender. In 1916, in view of the difficulty of obtaining gold for the cover, the Bank was authorized to use British Treasury Bonds and Bills as backing. The note issue rose to £E64,000,000 at the end of 1919. Silver coins to the value of £1,869,000 were minted,[2] but this proved inadequate and government currency notes totalling £E1,622,000 were issued.

The war also saw the development of deposit banking. After an initial crisis, allayed by a moratorium, deposits began to accumulate fast, those of the National Bank and Anglo-Egyptian Bank rising to £E35,500,000 in 1920. At the same time mortgage debts were repaid, falling to £E29,300,000 in 1920.[3]

The total favourable balance built up by Egypt during the war and immediate post-war years, after deduction of interest on foreign capital, was £E139,000,000. Of this some £E50,000,000 were spent in the immediate post-war years on imports, travel, and unsuccessful speculation in foreign exchange. The bulk of the remainder went to repay mortgage loans, purchase foreign securities, and repatriate Egyptian securities held abroad. The war thus enabled Egypt considerably to reduce her foreign indebtedness.

But if some sections of Egyptian society profited, the war meant great hardship for the mass. The influx of funds, the shortage of shipping, the presence of troops, and the cupidity of the landed interests, who sacrificed wheat for cotton and evaded the Government's restrictions on cotton acreage, forced up the wholesale price index from 100 in 1914 to 211 in 1918

[1] Crouchley, *Investment*, p. 174.
[2] Ministry of Finance Archives.
[3] Crouchley, *Investment*, p. 79.

and 312 in 1920. The great sufferers were naturally the urban proletariat and employees. The number of deaths, which had been in the neighbourhood of 300,000 before the war, rose to 375,000 after 1916 and in 1918 deaths, at 510,000, actually exceeded births.

The Government attempted to relieve the shortage of wheat and fuel (the latter only partially offset by the production of the newly tapped Egyptian oilwells) by selling imported wheat at a loss and accumulating stocks of coal. The break in prices in 1922 led to a serious loss.

(D) POLITICAL AND SOCIAL STRUCTURE—THE MOVEMENT FOR INDEPENDENCE

It is hardly necessary to inquire why the Egyptian nationalist movement came into being. Foreign rule, however just in its methods, inevitably provokes a reaction among the ruled, especially when the two are separated by race, religion, language and culture, and where there are no possibilities of intermarriage. At the same time Egyptian nationalism was to some extent stimulated by such external events as the Russo-Japanese[1] War and the Young Turk Revolution.

It is more interesting to examine *how* the movement developed and what forms it took. In order to do so it is necessary to describe the political and social structure of Egypt during the occupation.

The Khedive was a very important political factor in Egypt. Tewfik, however, who had been thoroughly shaken by the Arabi revolt, was well content to reign and let Cromer govern. Abbas II, who succeeded him in 1892, was on the other hand intent on reasserting his authority.

Lord Dufferin's Organic Law of 1883 had provided for certain representative institutions—Provincial Councils, Legislative Council, Legislative Assembly—but these bodies were purely consultative and had no influence on policy. The driving force of government was provided by the British officials. At first these were few and highly selected, but as the years passed their numbers grew rapidly, with a corresponding decline in quality.[2] Finally, there were certain international

[1] Mustafa Kamel wrote a book on Japan entitled *The Rising Sun.*

[2] 'In the higher posts their number (i.e. Egyptians) has declined from 27.7 per cent in 1905 to only 23.1 per cent in 1920, while in the same category the British share of posts has increased from 42.2 per cent to 59.3 per cent of the total'; *Report of Special Mission to Egypt*, p. 30. (H.M. Stationery Office. Cd. 1131, 1921.) See also P. G. Elgood, *Egypt and the Army*, pp. 16–17. (London, Oxford University Press, 1924.)

bodies, such as the Caisse de la Dette and Mixed Courts, whose functions were almost wholly obstructive.

At the top of the social scale came the large landlords, some dating from the time of Mohammed Ali, others enriched by land reclamation, the break-up of Ismail's estates and the rise in cotton prices. This class is usually described as Turco-Egyptian, but it was rapidly becoming less Turkish and more Egyptian, until by 1918 the distinction had ceased to have any practical significance. It was very conservative in outlook and apprehensive of a social upheaval. Thus it is interesting to observe that Riaz Pasha and other conservative Moslems opposed the movement for reform within the Coptic Church merely because it was a reform movement directed against the Patriarch.[1] This class was inclined to accept British rule, which gave it prosperity and secured its privileges, though resenting its loss of power and anxious to regain what it could.

It was different with the urban middle class: lawyers, doctors, journalists, teachers and officials. The most europeanized section of the community, it felt itself cramped both economically and politically by the British and formed the natural vanguard of the nationalist movement.

The yeomen who had supported Arabi, the very small farmers and the rural and urban workers, had not at the beginning of the period attained the stage of political consciousness.

The Copts continued to occupy a large number of government posts. Their economic level was higher than that of the Moslems, as is shown by the fact that though forming only 6 per cent of the population they paid 16 per cent of the Land Tax.[2] Although they resented the employment of Syrians in government service, they were on the whole more favourably inclined towards the British than were the Moslems.

It will be noticed that no mention has been made of an industrial or commercial middle class. This is because that class was almost entirely foreign. For not only did foreigners control practically the whole of large-scale finance, industry and commerce, but even petty trade and industry. 'Boot-mending, as well as boot-making, is almost entirely in the hands of Greeks and Armenians. The drapery trade is controlled by Jews, Syrians, and Europeans, the tailoring trade by Jews.'[3] The same report stresses the decline of the hand indus-

[1] Cromer, *op. cit.*, vol. ii, p. 212.

[2] Report of Coptic Congress quoted by Kyriacos Mikhail, *Copts and Moslems under British Control*, p. 29. (London, 1911.)

[3] *Report for 1905.* (H.M. Stationery Office. Cd. 2817.)

tries, which must further have weakened the Egyptian petty bourgeoisie.

The number of foreigners in 1907 was 147,000, including 63,000 Greeks, 35,000 Italians, 21,000 British, and 15,000 French. Of the semi-Egyptianized communities, the Jews were well in control of finance, the Syrians provided officials, men of letters, traders and village usurers, and the Armenians skilled artisans.

It is against this background that the movement for independence must be studied. Beginning in the early eighteen-nineties it soon centred on a young lawyer of Egyptian stock and French culture, Mustafa Kamel (1874–1908). Mustafa was a typical nineteenth-century middle-class nationalist. He clamoured for independence, constitutional government, education, and a literary revival. But, apart from one solitary appeal for industrialization, there are absolutely no allusions in his writings or speeches to economic and social questions. Later on the nationalists, partly for political motives, took up the cause of agricultural co-operatives and evening schools, and even spoke of the desirability of trade unions.[1]

Very wisely they concentrated all their attacks against the British, promising to respect the Capitulations and the rights of foreigners. For some years they had strong hopes of foreign, especially French, assistance, but the Fashoda incident and 1904 Agreement undeceived them. Similarly their hopes in Turkey were dashed by the Aqaba incident, though they continued to work in alliance with the pan-Islamic *Ulema*. Yet, in spite of this alliance, they succeeded to a large extent in uniting Copts and Moslems in one national and non-sectarian movement. Finally, wishing to avoid Arabi's error, they co-operated with the Khedive as long as possible. No attempt was made, however, to make use of the very much reduced, British-officered army, though Mustafa Kamel's deputy, Mohammed Farid, considered it indispensable to instil a military spirit in the nation.[2]

It never occurred to the British to treat with the nationalists. Cromer's opinion, expressed in 1915, was that 'Young Turkey has proved a complete failure. So has Young Persia. So has Young Egypt. And Young China does not appear to have been much more successful.'[3] As for conceding representative institutions: 'The transformation, if it ever takes place at all, will probably be the work, not of generations, but of centuries.'[4]

[1] Abdel Rahman El Rafi, *Mohammed Bey Farid*, pp. 95, 135, 293 ff. (Cairo, 1940.)
[2] *ibid.*, p. 499.
[3] Marquess of Zetland, *Lord Cromer*, p. 293. (London, 1932.)
[4] *ibid.*, p. 292.

It was considered that the '*politique du ventre plein*'[1] would satisfy the large landowners and peasants, and that the urban middle class could be ignored (the urban proletariat, apart from one reference to the extradition of certain foreign strike leaders, is not even mentioned in the Annual Report). In fact, so much reliance was placed on the efficiency of these methods that, until about 1910, no attempt was made to muzzle the very vituperative Press or persecute the nationalist leaders.

The landlords were won over not only by economic blandishments—irrigation, high cotton prices, ample credit facilities—affability and social intercourse, but also by a rigorous conservatism and respect for ancient institutions.

In *Modern Egypt* Lord Cromer distinguished two kinds of reforms: those which could be carried out by administrative action and those which required a social revolution. British reforms will be found to belong exclusively to the former category: irrigation, sanitation, prison reform, substitution of paid for forced labour in canal clearance and upkeep of river banks (abolition of the *corvée*), etc. But no effort was made to reform such institutions as El Azhar, the Shari Courts, village schools, *Wakfs*, etc., or to attempt such a shaking up of the country as was carried out by Mustafa Kemal in Turkey. Nor is it to be expected that foreign rulers should make such an attempt, still less that it should be successful. Foreign rule is necessarily conservative. The landlords understood this and were appreciative. Hence it is not surprising that the 'moderate' party of the pre-war years (*Hizb el-Umma*) should have consisted mainly of landowners, or that Kitchener's constitutional reforms of 1913 should have increased the representation of the landowning class.[2] The same fundamental conservatism, and Mohammed Abdu's steadying influence, probably explain the absence of any unrest among the *Ulema*.

British policy towards the Khedive suffered changes. Cromer's hectoring drove the young Abbas into the arms of the nationalists, from which it needed all Sir Eldon Gorst's suavity, a sense of helplessness after the Anglo-French Agreement, and the awful example of the Young Turk Revolution to detach him. Kitchener, however, was soon at loggerheads with him, progressively curtailed his prerogatives, and was thinking of deposing him when war broke out.

[1] Le Groupe d'Etudes de l'Islam, *L'Egypte Indépendante* p. 21. (Paris, Centre d'Etudes de Politique Etrangère, 1937.)

[2] *Report for 1913.* (H.M. Stationery Office. Cd. 7358.) When it suited them, however, 'the British could always point out that the members of the Council 'represent nothing but the class of wealthy beys and pashas'; *Report for 1910.* (Cd. 5633.)

It has been mentioned that Mustafa Kamel, aided by the national pride caused by the archæological finds and growing consciousness of an Egyptian as distinct from an Arab heritage, succeeded in uniting Moslems and Copts. This union was rudely shattered, for some years, by the murder of the Coptic Premier, Butros Ghali, in 1910. Gorst's remark on his appointment that 'he was the first genuine Egyptian who has risen to the highest position in the country' has been interpreted as a deliberate attempt to embitter Copt-Moslem relations.[1] It was certainly a challenge which the Moslems unfortunately only too readily took up. The following year the demands of a Coptic Congress provoked the holding of a very intransigent Moslem Congress, at the instigation, it was said, of Gorst,[2] and during the remaining pre-war years the Copts were violently attacked in the nationalist Press.

Finally, as regards the peasants, the reduction of taxes, better irrigation, the abolition of the *corvée* and the diminution of military service undoubtedly greatly improved their position and, although the ruin of village industries meant a loss of income and indebtedness was great,[3] it is possible that their economic position at the beginning of this century was better than at any previous or subsequent period. The Agricultural Bank was designed to grant them short-term advances and the much-discussed Five Feddans law to protect their holdings. When an attempt was made to found agricultural co-operatives it received no encouragement whatsoever from the Government; but such co-operatives as were founded were soon brought under its supervision.

The Denshawai incident and the persistent increase in crime showed that the British rulers had not succeeded in gaining the affection of the *fellaheen* or in replacing the old decaying village order by a new one. Nevertheless, up to 1913 the nationalist movement had not spread to the countryside but remained an essentially urban and middle-class movement.

On the outbreak of war the Khedive was deposed and Egypt was declared a Protectorate. The Assembly was suspended and the Press muzzled, while the country was fed on Allied democratic propaganda, which culminated in Wilson's Fourteen Points. These ideas, the uneasiness caused by the fact that Moslem Egypt was helping the enemies of the Caliph, and the recognition by Britain of the very backward Hejaz, and later

[1] Quoted by Blunt in *Œuvres du Congrès Egyptien*, p. 85; George Young, *Egypt*, p. 187. [2] Rafi, *Mohammed Bey Farid*, p. 272.

[3] The total indebtedness of small peasants was estimated at £E16,000,000; *Report for 1913*. (H.M. Stationery Office. Cd. 7358.)

of Syria and Iraq, helped to accentuate and diffuse the nationalist aspirations. But apart from some unrest in the schools and an attempt to assassinate the new Sultan, Hussein, and the Prime Minister, there were no open acts of protest, nor does there seem to have been any underground activity.

But the war was fusing together the nation by giving every class a grievance. The landowners resented the restriction of cotton acreage and the fact that the British Government resold at a profit the 1918 cotton crop it had commandeered (the fact that the profits were later handed back to the Egyptian Government was immaterial from their point of view). The urban middle class, the leaders of opinion in Egypt, suffered from the presence of large bodies of troops in the towns and the increase in the number of British officials and still more from the doubling of prices. The skilled workmen, whose wages had in certain cases risen more than the cost of living, were beginning to form groups with a view to common action. Later they were to concentrate their efforts on industrial strife, but in the immediate post-war years they were swept into the nationalist movement. The unskilled workers on the other hand suffered from a fall in real earnings. Finally, there were the peasants, the chief victims. The Army commandeered their grain and beasts of burden at prices well below those ruling in the black market.[1] Forced 'contributions' were collected from them for the Red Cross. Most terrible of all for a sedentary home-loving people, over 125,000 were enlisted to serve in the Camel Corps and Labour Corps attached to the British Army, of whom 23,000 served in France. What made matters worse was that, conscription being regarded as impolitic, the recruiting of 'volunteers' was left to the village *Mudirs* and *Omdas*, with what results may be imagined in a country riddled with feuds.

Such was the situation when, in the autumn of 1918, Turkey began to crack and the war to show signs of coming to an end. Saad Zaghlul Pasha, who had won for himself in pre-war days a commanding position among the politicians, together with other outstanding Egyptians decided to form a Delegation (in Arabic *Wafd*) with the intention of representing Egypt at the Peace Conference. Lists were circulated canvassing the people, a sufficient number escaping the police to leave no doubt regarding the backing enjoyed by the *Wafd*.

Into the intricate history of Zaghlul's negotiations with the Residency and Foreign Office and his successive deportations it is not necessary to enter. More interesting are the tactics employed by the population against the British authorities.

[1] M. Travers Symons, *Britain and Egypt*, p. 70. (London, 1925.)

Much has been made by Lord Lloyd and others of Egyptian atrocities. Yet it must be agreed that, for a national rising, the Egyptian movement was singularly free from bloodshed, especially during the first two years. Apart from the Deirut massacre—an ugly affair but directed against soldiers—the blame must be shared by the nervous Levantine communities, e.g. the Armenians in Cairo who, fresh from the Turkish massacres, and unable to see in a Moslem mob anything other than would-be assassins, would seem to have fired first and incurred reprisals; and by the war-weary British soldiers anxious to finish the job and get home; as well as by the Egyptian mob.

But it was non-co-operation, not terrorism, which eventually forced Britain to abandon the Protectorate. It is not possible to say how and by whom the movement of resistance was directed, for the very good reason that the persons popularly suspected of having been its leaders have been very careful not to publish any memoirs. At one extreme, the Residency saw in the movement the 'hand of the Young Turk and even German Agent' as well as a 'Bolshevik tendency'[1]—a pathetic attempt to divert attention from their previous ignorance of real conditions. At the other extreme, writers like Akkad and Zohni[2] see in the risings absolutely spontaneous and unco-ordinated expressions of popular patriotism and anger. But the remarkable similarity between simultaneous outbreaks at distant and unconnected places, and the facts that sabotage was always purposeful and that little looting took place, point, as Young says, not only to an organizing head, but also a restraining hand.

The first phase, in March 1919, was a systematic sabotage of communications and attempts to isolate the towns. In a few days British mobile columns had restored communications, not without relatively heavy casualties among the rioters.

The second phase, in April, took the form of a widespread strike. Lawyers and students gave the lead and were followed by transport workers and eventually by government officials. This phase lasted only a couple of weeks.

The third and most successful phase was a general political boycott, reaching its peak during the visit of the Milner Mission, but occasionally degenerating into mob rioting, as during the Alexandria Massacre of May 1921.[3]

[1] Lord Lloyd, *Egypt Since Cromer*, vol. i, p. 300. (London, 1933–34.)

[2] Salah el Din Zohni, *Misr bain al ihtilal wal thaura*, p. 228. (Cairo, 1939.) Mahmoud al Akkad, *Saad Zaghlul*, p. 69. (Cairo, 1932.)

[3] See *Minutes of Proceedings and Report of the Military Court of Enquiry into the Alexandria Riots, May 1921*, pp. 219, 259 ff. (H.M. Stationery Office. Cd. 1527, 1921.)

On the whole the nation showed a remarkable degree of solidarity. An attempt by the upper classes, led by Adli Yeghen Pasha, to form a 'moderate', i.e. less anti-British, wing never secured much backing. Relations between Copts and Moslems were more cordial than ever before or since[1] and were not even impaired by the fact that a Copt, Yusef Wahba Pasha, formed a Ministry during the boycott—perhaps owing to the fact that a Coptic student made an attempt on his life.

In view of this solidarity in non-co-operation the Milner Mission realized that Britain would either have to hold Egypt down by force or to recognize its independence. Although, therefore, its terms of reference were to report on 'the form of Constitution which, *under the Protectorate*, etc.', it unanimously advised a declaration of independence, with certain important provisions. On the Egyptian side, the social disorders and radical tendencies which had begun to appear made the upper classes much readier for an agreement.[2] And although negotiations between Zaghlul and Milner broke down, on 28 February 1922 the High Commissioner, Lord Allenby, issued the Declaration and a new phase in Egyptian political history began.

(E) EDUCATION

Since even Lord Lloyd is unable to boast of British educational achievements, perhaps no further comment is required. Expenditure on education was for some years lower than it had been under Ismail and at no time represented more than 3 per cent of the Budget. The aims of the Government were defined as follows: 'to spread as widely as possible, amongst the male and female population, a simple form of education, consisting of an elementary knowledge of the Arabic language and arithmetic. In the second place to form a highly educated class suitable for the requirements of the government service'.[3]

The second object received much more attention than the first, only there was never any question of forming a 'highly educated class' but merely of securing a standard sufficient for filling clerical jobs. English or, less commonly, French was made the principal medium of instruction until 1908 when, in deference to popular wishes, they were replaced by Arabic.

Although some of the technical schools—Medicine, Law and

[1] To the delighted surprise of the veteran nationalist Mohammed Bey Farid. See Rafi, *op. cit.*, pp. 406–7.

[2] Lothrop Stoddard, *The New World of Islam*, p. 182. (London, 1932.)

[3] *Report for 1901.* (H.M. Stationery Office. Cd. 1012.)

Agriculture—continued in operation,[1] indeed more efficiently than before, it was private subscriptions which secured the founding of a university, in 1906. Similarly, although the number of Egyptian students in Europe increased considerably, the vast majority were sent privately, not on government missions, which for a time were almost entirely discontinued and only began to assume importance in 1907, after Zaghlul Pasha had become Minister of Education.

But if no attempt was made to provide the country with a real *élite* neither was any made to educate the mass of the population. The *kuttab* received grants in aid from the Government, special attention being paid to them after 1907 when the Government attempted to divert support from the movement in favour of a university, and in 1913 there were 3,794 such schools with 231,000 pupils. But the education provided was, as before, practically useless. The Government's primary and secondary schools, of which there were 68 with 15,000 pupils, constituted a really educative factor, but the fact that the Government began by abolishing free education and in 1901, when the financial difficulties were already over, actually raised the school fees shows that no great enthusiasm was felt for a really widespread popular education.

Yet Cromer himself testifies to the keenness of the demand for education, including female education, and Lloyd admits that the Provincial Councils did not stint the village schools. Perhaps the best testimony, however, is the number of foreign and Egyptian private schools in 1914—328 and 739 with 48,000 and 99,000 pupils respectively.[2] An interesting innovation was the foundation by the nationalists of evening schools for adults. The Government was soon forced to compete by opening similar schools.

The complete freedom allowed to the Press greatly stimulated its expansion. In addition to such neutral *journaux d'information* as *El Moqattam* and *El Ahram* must be mentioned *El Muayyad*, representing conservative Moslem opinion, *El Urwa el Wuthqa* and *El Manar*, representing Mohammed Abdu's liberal Islam, *El Watan*, the Coptic paper, and *El Lewa*, the organ of the nationalists. By this time the Egyptian Press had definitely established its ascendancy in the Arab world.

The impact of European culture was producing its results.

[1] The very useful School of Languages was however closed. The numbers attending were in many cases, e.g. School of Medicine, considerably reduced, see Blunt, *Œuvres du Congrès Egyptien*, p. 150.

[2] Amir Boktor, *School and Society in the Valley of the Nile*, p. 117. (Cairo, 1936.)

The leading Moslem reformer of modern times, Sheikh Mohammed Abdu, was preaching a return to the primitive purity of Islam, advocating educational reforms and the removal of superstitious accretions, and maintaining that Islam was an essentially rational religion capable of meeting modern requirements. It was a disciple of his, Qasim Amin, who initiated the first campaign to raise the status of women.

With Shawqi, Hafez Ibrahim and Khalil Mutran, poetry reached a level comparable to the best products of the classical ages of Arabic literature. Particularly striking is the deep human interest in social questions manifested by Hafez. The outstanding work of fiction is Muelhy's novel *Isa ibn Hisham*, which gives a portrait of Egyptian society and its different classes. The historian Gurgi Zaidan contributed powerfully to spreading knowledge of Arab history by his text-books and historical novels.

Chapter Four

POPULATION AND WEALTH

(A) POPULATION

'*When goods increase, they are increased that eat them.*'—*Ecclesiastes*

'*Wealth is like muck. It is not good but if it be spread.*'—*Bacon*

'*Oh miserable distribution of mankind—one half lacketh meat, the other stomach.*'—*John Donne*

Age Distribution

THE 1937 Census gave a total population of 15,921,000 (excluding nomads estimated at 12,000), of whom 7,967,000 were males and 7,954,000 females. The percentage age distribution at the last four census years was as follows:

TABLE I

POPULATION BY AGE-GROUPS, 1907–1937

	1907	*1917*	*1927*	*1937*
0– 9 years	30.1	28.0	27.5	27.2
10–19 ,,	18.5	20.3	20.3	20.5
20–29 ,,	18.0	15.5	16.4	15.2
30–39 ,,	14.7	13.5	14.1	14.7
40–49 ,,	9.0	9.0	9.2	10.1
50 and over	9.7	13.7	12.5	12.3
	100.0	100.0	100.0	100.0

The picture is that of a broad-based pyramid. Psychologically and historically the Egyptians are an old people, but biologically they are very young, nearly two-thirds of the population being under thirty.

Growth of Population

The growth of the population since the first reliable census took place is shown in the following table:[1]

[1] L. Mboria, *La Population de l'Egypte*, p. 54. (Cairo, 1938.)

TABLE II

GROWTH OF POPULATION, 1897–1937

	Population (excluding nomads)	*Increase during decade—%*
1897	9,635,000	..
1907	11,190,000	16.1
1917	12,718,000	13.7
1927	14,178,000	11.5
1937	15,921,000	12.3

The crude birth-rate and death-rate figures published annually are not sufficiently accurate to be used as a basis for estimating the trend of the population. A more reliable index is provided by the ratio of children under five to women of child-bearing age:[1]

TABLE III

RATIO OF CHILDREN UNDER 5 TO FEMALES AGED 15–49

	Females 15–49	*Children under 5*	*Ratio per 1,000*
1897	2,400,000	1,680,000	700
1907	2,609,000	1,776,000	681
1917	3,026,000	1,754,000	579
1927	3,513,000	2,031,000	578
1937	3,852,000	2,108,000	547

Births and Deaths

The Egyptian birth-rate, averaging over 40 per thousand, is the highest in the world after the Palestinian. The facts that the birth-rate in the towns is distinctly greater than in the country and that registration of births is known to be often evaded lead to the conclusion that the real birth-rate is even higher than 40. It is worth mentioning that there are more births each year than in England and Wales.

Many causes contribute to raise the birth-rate. First, the poverty and general wretchedness of the *fellah* makes procreation one of the few pleasures left to him and reproduces in the villages the psychology of the slum. Secondly, the influence of cotton, which provides employment for children, turns the child into a financial asset at the early age of four or five. A cotton expert recently declared that 'cotton requires

[1] Dr. W. Cleland, *The Population Problem in Egypt*, p. 41 (for years 1897–1927). (Lancaster, Pennsylvania, 1936.)

not only a dense population but one with a birth-rate above the average'.[1] Thirdly, there are such social factors as the almost obligatory nature of marriage and the early age at which it is concluded, as also the prestige and legal advantages enjoyed by married women.

It is commonly believed that polygamy and divorce are largely responsible for Egypt's high birth-rate. But polygamous households among Moslems in 1937 represented only 3 per cent of the total. Divorce is much more widespread, the ratio of divorces to marriages in 1939 being 33 per cent for the country as a whole and 43 per cent for Cairo. It is probable that frequent divorces and re-marriages tend to increase the chances of child-bearing, but in the absence of statistics showing births and deaths among Copts (as distinct from Christians as a whole, who include foreigners with different social standards), this cannot be verified. The birth-rate among Moslems is higher than among Christians, being 45 per thousand against 38 per thousand in 1927 and 44 against 35 in 1937. The fact that the rate of increase among Christians as a whole, as also among Copts, is slightly higher than among Moslems is attributable to their lower death-rate, 21 per thousand against 26 in 1927, and 22 against 28 in 1937.

Nature will not however be cheated. The birth-rate of 40 finds its counterpart in a death-rate of over 26 per thousand—the highest in the world.[2] That official estimates greatly understate the death-rate too is indicated by the fact that towns with health bureaux show a figure distinctly higher than that of the countryside, and even more by the fact that all calculations of the increase in population based on the published rates are invariably found greatly to exceed the Census figures. The true death-rate may possibly be as high as 30. Infant mortality is appalling. A very careful calculation put the infant mortality rate in the Egyptian quarters of Alexandria at 255 per thousand in 1913 and 224 in 1935.[3] In other words, one child out of every four born dies during the first year of life, whereas in New Zealand only one out of thirty is lost. Yet another dies before reaching the age of 5. Nor does the matter end here. According to the tables of Mr. Shanawany,[4] the expectation of life of an Egyptian boy of 10 was only 38 years, against 56 for England and 59 for New Zealand.

[1] Muhlberg, in *Bulletin de l'Union des Agriculteurs*, 1940.

[2] The death-rate in Mauritius is actually higher.

[3] F. Rosenfeld, 'La Mortalité infantile à Alexandrie.' *Egypte Contemporaine*, 1939.

[4] 'The First National Life Tables for Egypt.' *Egypte Contemporaine*, 1936.

The reasons for the high death-rate can be summarized in two words: poverty and disease.

Egypt's mild climate undoubtedly reduces many of her inhabitants' needs and allows them to subsist at a much lower standard of living than those met with in colder countries. The *fellah's* working clothes often consist of rags, but little clothing is required in the Egyptian sun. The mud hovel which he shares with his beasts during the night is highly insalubrious, but he spends all his waking hours out of doors. But sunshine can only partly replace food and Dr. Cleland's researches seem to indicate that though the calorific content of the food available tot he mass of the population may be adequate, there is a serious shortage of protein and fats.[1] This conclusion has been sharply criticized,[2] but however much Dr. Cleland's statements may need modification it is certain that a diet which contains practically no meat, fish, milk or eggs—and very little wheat—cannot be deemed adequate by contemporary standards.

Food and housing conditions in the towns would seem to be even worse than in the villages and it is here that the incidence of pellagra and consumption, diseases often traceable to food deficiencies, is widest.[3]

The deadliest rural diseases, affecting 70–80 per cent of the *fellaheen*, are bilharzia and ankylostoma, which have spread with the development of perennial irrigation. The debilitating and depressing psychological effects of these diseases will be described later. They are largely responsible for the poor health and early deaths of the *fellaheen*, especially among the men. Malaria is widespread, about 65 per cent of the rural population being affected.[4]

Certain factors would seem to indicate a slackening in the rate of growth of population. First, the persistent fall in the intercensal rate of increase (Table II); secondly, the diminution in the proportion of the lower-age groups (Table I)—though this is a long-term factor, as the immediate result is more likely to be increased fertility owing to the expansion of the middle-age groups; thirdly, the decline in the ratio of children under five to women of child-bearing age (Table III), a decline due not so much to a decrease in the average number of children born to married women as to a fall in the marriage rate arising largely out of the reduction in the number of child-

[1] Dr. W. Cleland, *op. cit.*, pp. 76, 122.

[2] E. Nassif, in *Egypte Contemporaine*, 1942.

[3] See Dr. W. H. Wilson, 'The Food Problem in Egypt', *Journal of the Egyptian Medical Association*, 1939, pp. 22–4.

[4] Henry Habib Ayrout, S.J., *Fellahs*, p. 85. (Cairo, 1942.)

marriages. Finally, there is no doubt that the hardships endured during the late war will affect the rate of growth, as they affected it during the first world war, when in one year (1918) an actual excess of deaths over births was registered.

The following table shows indeed that this process has already begun.

TABLE IV

BIRTHS AND DEATHS, 1938–1943

	Births	*Deaths*
1938	704,000	429,000
1939	697,000	429,000
1940	698,000	444,000
1941	695,000	441,000
1942	658,000	494,000
1943	690,000	493,000

But there are also certain factors working in the opposite direction. The fact that the proportion of children under ten to the total population has declined means that a fall in the general death-rate is to be expected. Similarly the extension of health centres should reduce mortality and it is significant that the death-rate in the principal towns has shown a steady decline since 1918.

A rate of growth of 1 per cent per annum is therefore to be expected and it would seem as though the population will reach the 20,000,000 mark within the next fifteen or twenty years.

Internal Migrations

Before studying the Malthusian problem in Egypt it is necessary to examine the trend of migration, internal and external. There is no emigration from Egypt and very little immigration. Within the country two main streams may be observed: from Upper to Lower Egypt, and from the country to the towns.

With a population of 6,417,000 and an average crop-area of 0.51 feddan per inhabitant, Upper Egypt is much more densely populated than Lower Egypt, for which (excluding Cairo and Alexandria) the corresponding figures are 7,124,000 and 0.71. In 1938, a survey covering 20,532 feddans, or 0.4 per cent of the total area of Egypt, including every province and almost every *markaz*, was carried out with a view to determining the gross agricultural output and net return of different parts of the country. Further reference will be made to this survey in

the following chapter. Here it is only necessary to note that the total annual gross output of Upper Egypt was estimated at £E32,162,000 giving £E5.012 per inhabitant, while that of Lower Egypt was £E44,814,000 or £E6.275 per inhabitant. If it be remembered moreover that Egyptian industry is concentrated in the Delta it will be seen that there are strong economic inducements to emigration from south to north.

In addition, there is the fact that the men of Upper Egypt, who suffer very much less from bilharzia and ankylostoma, are a much stronger and more resistant race than those of the Delta and are often employed on work for which the latter are unfitted.

In these circumstances it is not surprising to find that in 1937, excluding the border province of Giza, there were in Lower Egypt over 32,000 persons born in Upper Egypt, against 12,000 in Upper Egypt born in the Delta. But it cannot be said that internal migration has succeeded in equating density of population and resources. For whereas certain provinces like Minufia and Giza are over-saturated there is an actual shortage of labour in the north.

The current of migration to the towns is very much more important. Between 1917 and 1937 the population of Cairo rose from 791,000 to 1,312,000 and that of Alexandria from 445,000 to 686,000, representing an increase of 66 per cent and 55 per cent respectively, against 25 per cent for the country as a whole. During the same period the population of the twenty largest towns rose from 1,883,000 to 2,944,000, an increase of 54 per cent. In other words, every year some 30,000 have been drifting to the towns.

Overpopulation

It is now possible to inquire whether Egypt is overpopulated. The first fact to bear in mind is the phenomenal rise of Egypt's population during the last hundred years—from about 3,000,000 to 17,000,000. This more than fivefold increase is probably unparalleled by any agricultural country. The second is that Egypt is perhaps the most densely populated country in the world.

The increase in Egypt's population was made possible by two sets of circumstances: the order and security introduced by Mohammed Ali; and the growth in Egypt's wealth arising out of the extension of the cultivated area, the replacement of basin by perennial irrigation, the improvement in the yield of crops and the extension of cotton cultivation.[1] No indices

[1] To this should be added better hygienic and medical conditions, especially in recent years.

of production are available but the following sets of figures are illustrative:[1]

In 1830–1840 the cultivated area was 2,000,000 feddans; to-day it is nearly 5,300,000 and the crop area nearly 8,300,000.

During the same period the yield of wheat rose from about 4 ardebs to 6 ardebs per feddan, that of cotton from 1 or 2 cantars to 5 cantars.

Finally, cotton exports rose from about 200,000 cantars to about 8,000,000 cantars.

Over the whole period, Egypt's population may not have outrun her income. Nevertheless, during the last twenty years, the volume of agricultural production has only just succeeded in keeping pace with the population, in spite of much technical research and improvement of methods of cultivation; while the fall in agricultural prices has led to a sharp decrease in incomes.

TABLE V

WEIGHTED INDEX OF VOLUME AND VALUE OF AGRICULTURAL PRODUCTION

(14 main crops) (Average of 1924–1928 = 100)

Year	*Volume*[2]	*Value*[3]
1929	111	83
1930	106	62
1931	96	54
1932	102	47
1933	110	54
1934	101	63
1935	113	66
1936	116	69
1937	124	68
1938	112	63
1939	120	71
1940	118	76

It seems clear that the growing population is pressing harder and harder on the means of subsistence.

'Banished from Western European countries, he [the Malthusian spectre] still points an accusing finger at the . . . premature marriage beds of the East.'[4] In the following section it will be shown that there has been a distinct falling off in the

[1] Crouchley, 'A Century of Economic Development', *Egypte Contemporaine*, 1939.

[2] Charles Issawi, 'Un indice du volume de la production agricole', *Egypte Contemporaine*, 1942.

[3] Jean Schatz, 'Mesures pour alléger l'endettement et la crise des cultivateurs', *Egypte Contemporaine*, 1942.

[4] C. R. Fay quoted by Colin Clark, *A Critique of Russian Statistics*, p. 51, (London, Macmillan, 1939.)

standard of living (Table X). In the final chapter of this book the different solutions suggested for preventing overpopulation will be reviewed.

Anticipating the results of these inquiries, it may be said that Egypt may just hope to maintain her growing population but that, unless either emigration or birth control are applied on a large scale, there is no prospect of an advance from the very depressed standard of living of to-day except through industrialization and a thoroughgoing redistribution of land. This cannot, however, be discussed until Egypt's sources of wealth are more fully analysed.

(B) WEALTH

Purchasing Power of Egyptian Money

Before enumerating the different estimates of the national income of Egypt, it is advisable to say a few words about the comparative internal purchasing power of the Egyptian pound. No attempt will be made to relate it to Colin Clark's international unit or any other international measure. It must suffice to state that although in the case of articles of popular consumption prices seem to have been higher in Egypt than in Britain,[1] the contrary was true of articles and services purchased by the well-to-do. The explanation of this apparent paradox is that in Egypt foodstuffs are protected and taxed much more heavily than in England. Thus, in 1938, the wholesale price of wheat and tea and the retail price of sugar and milk were higher in Egypt than in England.

Again many manufactured goods are heavily protected in Egypt, e.g. textiles, glassware and shoes, hence their price is higher than in England.

On the other hand, labour is so much cheaper in Egypt that, wherever it forms a large proportion of the cost of production, the article is cheaper in Egypt. The most striking examples are domestic service, laundries and other forms of service. House rents are also lower in Egypt.

Occupied Population

Before reviewing the different estimates of the national income, it is necessary to state how the occupied population is distributed. The Census gives the following figures:

[1] Britain has been chosen for comparison because of the monetary link between it and Egypt and because, up to 1939, British prices were still the closest approximation to 'world prices'.

TABLE VI

OCCUPIED POPULATIONS, 1927–1937
(In thousands)

	1927	*1937*
Agriculture	3,525	4,308
Mining, Industry, Building	556	610
Transport	196	139
Commerce and Finance	459	460
Public Service	190	171
Religion, Law, Medicine, Education	103	151
Services	221	256
Unproductive (pupils, etc.)	596	1,327
	5,846	7,422
Unoccupied (excluding children under 5)	6,302	6,391

The bulk of the population still works on the land. The proportion would have been even higher if the many women helping on their relatives' farms, classed in the Census as unoccupied, had been included. The figures for industry are, however, curious since the intercensal period saw a considerable expansion of Egyptian industry which in most cases was not effected at the expense of artisans. Competent observers believe that the Census figures are inaccurate and put the industrial population (excluding transport) at about 750,000.

National Income

The first attempt at estimating the national income was made in 1922 by Dr. Levi, who gave a total of £E301,000,000.[1]

In 1925, the United Kingdom Mission estimated the national income at £E265,000,000.[2] For 1935, the Survey of Poverty put the figure at £185,000,000.[3] In 1943, Mr. Adler estimated the pre-war income at about £E180,000,000–£E200,000,000.[4]

Recently the field has been carefully surveyed by Mr. Munir Habashi, who represents the net national income as reaching £E220,000,000 in 1939, distributed as follows:

[1] I. G. Levi, 'L'augmentation des revenus de l'Etat', *Egypte Contemporaine*, 1922.

[2] Department of Overseas Trade, *Report of United Kingdom Trade Mission to Egypt, February–March 1931*. (H.M. Stationery Office, 1931).

[3] W. Cleland, 'A Population Plan for Egypt', *Egypte Contemporaine*, 1939.

[4] 'Le problème de la population en Egypt', *Egypte Contemporaine*, 1943.

TABLE VII

EARNED INCOMES, 1939
(In thousands)

	Employers		*Independent workers*		*Employees*		*Total Income* £E
	Number	*Income* £E	*Number*	*Income* £E	*Number*	*Income* £E	
Agriculture	742	15,333	747	23,800	3,002		39,133
Fishing	8	316	22	171	16	8	615
Mines & Quarries	1		0·6		11	127	297
Transformation Industries	42	13,722[1]	212	10,388	314	11,215	35,325
Building	4		27		94	3,124	3,124
Commerce	49	14,820[2]	310	10,341	168	8,281	33,442
Transport	7	1,550[3]	44	2,205	95	5,701	9,456
Public Services	..	..	..	..	258	14,932	14,932
Professions	1	680	61	12,240	22	1,216	14,136
Domestic Service	..	..	..	..	181	7,003	7,003
Diplomatic, etc.	..	..	..	..	4	1,000	1,000
	854	46,421	1,423·6	59,145	4,165	52,897	158,463·6

TABLE VIII

UNEARNED INCOMES, 1939

Public Debt:	£E
50 per cent of Unified, Preference, etc.	1,759,000
Keneh Aswan Rail, etc.	97,000
	1,856,000
Shares	6,108,000
Bonds	999,000
House rents	16,443,000
Land rents	34,100,000
	£E59,506,000

Changes in National Income

In view of the unreliable nature of some of the estimates and the varying definitions adopted by the different authors, no attempt will be made to compare the 'real income' at different dates. A more reliable index of the trend of the national income during the inter-war years is given below. It shows the *wholesale value* of the twelve principal Egyptian crops: cotton, cotton-seed, wheat, beans, maize, millet, barley, rice, lentils,

	£E
[1] Add State Enterprises and Royalties	1,656,000
Public Bodies	100,000
[2] Add State Enterprises and Public Bodies	250,000
[3] Add State Enterprises	1,676,000

helba (*fenugreek*), onions, and sugar-cane. In order to adjust the series to changes in the purchasing power of money, each figure has been divided by the cost of living index for that year and the quotient converted to an index number based on 1939. The movements of the two series are parallel. This is because cotton, which forms such an important constituent of income, represents a small fraction of expenses and hardly affects the cost of living index. Hence, a rise or fall in cotton prices means a rise or fall in real income.

TABLE IX

VALUE OF MAIN CROPS, 1917–1939[1]

Year	*Value of Crops* (£E000,000's	*Adjusted Value* 1939 = 100	*Year*	*Value of Crops* (£E000,000's)	*Adjusted Value* 1939 = 100
1917	112	146	1928	89	118
1918	105	112	1929	77	102
1919	193	192	1930	58	78
1920	104	88	1931	49	72
1921	77	78	1932	44	70
1922	91	104	1933	51	80
1923	98	122	1934	59	90
1924	116	144	1935	61	94
1925	102	124	1936	63	98
1926	76	94	1937	63	98
1927	85	110	1938	58	88
			1939	65	100

The curves show very clear cyclical fluctuations: a post-war boom in 1919–1920 followed by a sharp fall, a somewhat less spectacular but more solid boom in 1923–1928, a slump reaching its trough in 1932, finally a slow recovery up to 1938, sharply accelerated by the outbreak of war.

[1] The following figures, taken from estimates made by Mohammed Anis, 'Value of agricultural products and other commodities pertaining to agriculture for the years 1937–1942', *Egypte Contemporaine*, 1945, show the changes in the value of the vegetable and animal produce of Egyptian agriculture in the last years:

Year	*Vegetable*	*Animal*	*Total* (*in million* £E)
1937	69.6	25.8	95.4
1938	70.7	25.0	95.7
1939	77.7	24.7	102.4
1940	75.4	24.7	100.1
1941	93.0	29.3	122.3
1942	135.6	46.3	181.9

The trend is unmistakably downward, in spite of a 25 per cent increase in population. The development of Egyptian industry must of course have mitigated the fall but the compensation can only have been partial. In other words, the very low standard of living is actually worsening, and is being further depressed by the growth of the population.

Distribution

There remains, however, the possibility that the fall in total income may have been accompanied by a redistribution in its composition in favour of the poor classes.

There are few data for estimating the present distribution of income. One fact, however, emerges from Table VIII: the very high proportion of unearned incomes. Ground and house rents, together with dividends, amounted to £E59,506,000 or 27 per cent of the national income. Even if two-fifths of the ground rents be deducted, as belonging to small peasants and therefore not counting as unearned income, the proportion is still 21 per cent.

Nor does the matter end here. Within the range of earned incomes there are very great inequalities. Although the exemption limit is only £E60 per annum and although evasion is not likely to be very great in that particular field, only about 110,000 persons paid the tax on salaries.[1] But perhaps the most eloquent measure of the inequality of earned incomes is the comparison of the annual incomes of an agricultural labourer, £E10, or of an industrial worker, £E26, with that of a minister, £E2,500, or bank chairman, £E3,000. The gap between the two extremes is so enormously greater than anything met with in Europe that no further comment or comparison is required.

As regards changes of distribution, what scanty data there are will be examined in the following chapter, when discussing rents and wages. Here the best means of throwing light on this question is to examine the national consumption of certain essential articles over the period. Consumption figures of cereals, coffee and tobacco are given in the *Annuaire Statistique*. Those for tea are obtained from import returns and those of sugar and textiles from production, import and export returns. Meat consumption is obtained from returns of animals killed in the public slaughter-houses. The average of the years 1920–1937 is taken as base.

[1] In 1940, 57,000 government officials paid £E247,000 out of a total of £E493,000 and it has been assumed that the distribution of salaries in business is similar to that in government service.

TABLE X

CONSUMPTION OF STAPLE ARTICLES, 1920–1938
(Average of 1920–1937 = 100)

Year	*Tobacco*	*Coffee*	*Tea*	*Sugar*	*Meat*	*Textiles*	*Cereals*
1920	126	99	39	50	80	*	96
1921	114	107	36	50	97	*	94
1925	111	89	87	106	107	116	105
1926	110	108	76	114	107	88	103
1929	113	109	117	148	102	105	105
1930	103	111	109	130	101	92	104
1933	77	98	124	99	101	105	90
1934	81	76	145	145	97	101	97
1937	86	90	143	124	94	105	95
1938	*	*	139	124	97	95	99

* Figures not available.

The only indices to show an advance are tea and sugar, about which more will be said in *Chapter Eleven* (*E*). All the others register a fall *in spite of a 25 per cent increase in population. Per capita* indices would have shown a disastrous fall.

During that period (1920–1938) the number of motor-cars in Egypt rose from 3,500 to 33,500, the number of private telephones from 16,300 to 48,900 and the number of radios from nil to 72,400. In other words, while popular consumption was going down that of luxury goods was increasing.

Savings and Investments

There is evidence of a certain amount of capital accumulation between the two wars, as may be seen from the following table:

TABLE XI

BANK DEPOSITS, NOTE CIRCULATION, CAPITAL OF COMPANIES AND PUBLIC DEBT, 1914–1938
(£E000's)

Year	*Bank Deposits*	*Note Circulation (Yearly Average)*	*Capital of Companies (Excluding Suez Canal Co.)*	*Public Debt*
1914	4,754	3,160	100,152	94,145
1920	17,600	48,400	96,278	93,198
1926	43,786	28,160	85,280	91,976
1930	33,294	22,650	95,044	89,645
1934	41,277	19,010	86,604	97,893
1938	49,914	19,630	75,809	95,483

Bank deposits should be regarded solely as a sample since only deposits in the National Bank of Egypt, Banque Misr (since 1920) and the Savings Banks are shown. The increase is appreciable, but it only just offsets the decrease in the note circulation and it should not be forgotten that part of the growth in Banque Misr deposits was effected at the expense of the foreign banks.

The fall in the capital of companies is wholly accounted for by the repayment during the post-war boom of loans formerly granted by the mortgage banks, whose capital dropped from £E54,569,000 in 1914 to £E22,621,000 in 1938. This means that the capital of other companies rose by some £E7,500,000.

Much more important is the repatriation of securities held abroad. Between 1920 and 1934 no less than £E23,570,000 of stocks and shares and £E44,124,000 of Egyptian Government bonds were brought back to Egypt.[1] These would seem to have been paid for by liquidating foreign securities and balances accumulated during the first world war.

Investment in buildings has also taken place on a large scale. Although figures for new buildings are available only since 1935, the House Tax figures show that the total number of assessable buildings in Cairo and Alexandria rose from 85,300 in 1920 to 140,500 in 1939. The value of the buildings, obtained by capitalizing three-quarters of the rent at 7 per cent,[2] rose from £E50,500,000 to £E117,200,000. The fact that the increase in capital value exceeds that in number is explained by the large size of the buildings erected in the last ten years, which include twelve- and fourteen-story blocks.

Life insurance has also developed and in recent years well over £E1,000,000 was paid each year in premiums.[3]

Finally, mention should be made of the irrigation works carried out by the Government. As these were paid for out of current revenue, they constitute a kind of collective forced savings. Expenditure between 1919 and 1939 was £E43,500,000.[4]

National Capital

This chapter may be concluded with a valuation of Egypt's capital at the beginning of the second world war. The value of agricultural land during the year 1926–1927 was put by M. Minost[5] at between £E539,000,000 and £E672,000,000. As

[1] Crouchley, *Investment*, p. 170.

[2] E. Minost, 'Essai sur la propriété bâtie de l'Egypte', *Egypte Contemporaine*, 1931.

[3] See *Chapter Nine*, Section *A*.

[4] State Budgets.

[5] Minost, 'Essai sur la richesse foncière de l'Egypte (Propriété non bâtie)', *Egypte Contemporaine*, 1930.

the cultivated and crop areas have not significantly changed since that date a figure of about £E600,000,000 may be adopted.

The value of house property in 1939 may be estimated by applying M. Minost's method to figures given by Mr. Habashi. Mr. Habashi estimates the value of government buildings at £E17,000,000 and tentatively puts that of the property of charitable institutions at £E4,000,000. For the rest, the value of taxed buildings is £E158,000,000 and that of untaxed £E43,000,000, giving a total of £E222,000,000.

The total value of the paid-up share and bond capital invested in joint-stock companies operating in Egypt in 1939, including the Suez Canal Company, was £E86,863,000. Of these £E45,000,000, or about half, were held abroad.[1]

The volume of deposits in all banks on 31 December 1939, including Savings Banks, was £E55,353,000; of these £E10,536,000 were in the Savings Banks.

Forms of capital not covered by this enumeration are stocks and works in progress by joint-stock companies; and capital invested in private industrial, commercial and financial firms, i.e. enterprises other than joint-stock companies or branches of foreign firms operating in Egypt, for which there are no data.

The capital value of the Egyptian State Railways, Telegraphs, Telephones and Broadcasting Stations was officially given as £E39,832,000 in 1937. To this should be added the value of the docks, harbour installations, roads, etc.; irrigation works should not, however, be included, as their cost is passed on in the form of a rise in land values.

The value of the country's livestock was estimated by M. Minost at £E25,000,000,[2] and in view of their appreciable increase in numbers, as will be seen in the following chapter, may have since risen to about £E30,000,000.

Finally, foreign securities held by residents and estimated at £E38,700,000[3] in 1934 should be included.

Very little can be said regarding the ownership of this capital. About half of the land, and presumably livestock, was owned by 21,000 persons.[4]

The bulk of the bank deposits belonged to about one-tenth of the total number of depositors, or some 10,000 persons. The

[1] Crouchley, *Investment*, chap. v.

[2] Minost, 'Essai sur la richesse foncière', *Egypte Contemporaine*, 1930.

[3] Crouchley, *Investment*, chap. v.

[4] The number of owners must have been somewhat less as the government returns, from which the above is taken, show the same person's property in different administrative districts as belonging to different owners. It is well known that the larger owners hold land in many districts.

share capital held locally was owned in the main by not more than 10,000 persons.

TABLE XII

NATIONAL CAPITAL[1]

	£E *millions*	*Of which owned by non-residents*
Land	600	..
Houses (including government holdings)	222	..
Share and bond capital	87	45
Private, commercial, and industrial capital	?	?
State Railways, Telegraphs, etc.	40	..
Harbours, roads, docks	?	..
Livestock	30	..
Bank deposits	55	..
Foreign securities owned by residents	39	..

As regards the distribution of house property (excluding Alexandria), 18,000 persons owned buildings with a value equal to 58 per cent of the total taxed property.

Moreover, there is a large degree of overlapping between the categories, as many land and house owners also own shares and keep a substantial deposit in banks, while shareholders almost invariably keep a bank account.

Although these figures are approximate they give a fairly correct picture of the vast inequality in the distribution of wealth in Egypt.

[1] In *Egypte Contemporaine* of March 1943, Mr. Adler estimated the national capital as follows:

	£E000,000
Land	660
Houses (excluding those used for industrial or commercial purposes)	170
Industry and commerce	130
State property (including railways, roads, canals, State domain, Reserve Fund, etc.)	140
Floating capital, foreign securities held by residents, etc.	50
Private establishments	40
Mines and quarries	10
	1,200
Less Egyptian securities held abroad and foreign-owned property in Egypt	100
	1,100

Chapter Five

AGRICULTURE

'C'est de l'horticulture sur des milliers de kilomètres.'—Ayrout

'I knew thee, that thou art an hard man, reaping where thou hast not sown and gathering where thou hast not strawed.'—St. Matthew

EGYPTIAN agriculture is characterized by a developed system of irrigation; a backward technique; dependence on cotton; and very unequal distribution of property accompanied by very small-scale tenure and farming.

(A) IRRIGATION

The importance of irrigation needs no emphasis, since agriculture is entirely dependent on river water. But the matter is not solely one of watering the fields. 'Thanks to the harnessing of the Nile, Egypt enjoys the equivalent of rainfall of three different natural regions: the Mediterranean in winter, the American Gulf in spring and early summer, and the Monsoon in late summer and autumn',[1] and has a correspondingly varied vegetation. This harnessing consists of dams designed to store water and to raise the level of the feeder canals, drains for carrying off the water, and dykes for protecting the fields against the summer flood.

Of all the dams on the Nile, the only ones used for storing water are the Aswan Dam in Egypt and the Gebel El-Awliya Dam in the Sudan, whose functions are to increase the amount available in the early summer. Of the other dams, Esna, Nag Hamadi and Assiut raise the level of the stream, permitting the extension of perennial irrigation and improvement of basin irrigation in Upper Egypt; the Mohammed Ali Barrage, just north of Cairo, ensures the supply of the feeder canals of the Delta; finally, the Zifta Barrage, on the Damietta branch, raises the level of the lower reaches of the canals watering the Eastern Delta.

The irrigation pumping stations of the Delta at Abul Menaga, Balamon, Fua and Atf fulfil the same function as the regulator dams.

Drainage, regarded to-day as a much more acute problem

[1] Hussein Kamel Selim, *Twenty Years of Agricultural Development in Egypt*, p. 4. (Cairo, 1940.)

than irrigation, has come to the fore only during the last thirty years owing to the realization that the absence of drains was causing the accumulation of salts in the soil, thus diminishing its fertility, and raising the level of the underground water table, which chokes the long cotton roots. During the last fifteen years several large collector drains have been dug in the north of the Delta, with electric pumps at their mouths for lifting the water into the lakes. The greatest weakness remains the inadequacy of field drains, due to the high cost of the land expropriated for discharging the water into the main collectors. For the most part Upper Egypt presents as yet no serious drainage problem, but work has begun with the object of providing such perennially irrigated areas as still lack drains with adequate facilities.

For many thousands of years the people of Egypt prayed for high floods. To-day a high flood constitutes a serious menace to the summer crops lying on either side of the river and canals, and any overflow of flood water may cause millions of pounds' worth of damage. Protection has so far taken the form of large earth banks, in certain places reinforced by masonry, but plans for diverting the flood water to some depression in the desert are being studied. No definite decision has as yet been taken and the summer of 1942 saw a certain amount of damage to crops from the high flood.

(B) CULTIVATED AREA

During the last twenty-five years the cultivated area has not increased, but the crop area rose from 7,717,000 feddans in 1912 to 8,474,000 feddans in 1938. The total cultivable area of Egypt has been estimated at 7,100,000 feddans. Thanks to the heightening of the Aswan Dam and the construction of the Gebel El-Awliya Dam in 1937, Egypt's water supply has been increased by 4,500 million cubic metres, which should make possible the reclamation of 410,000 feddans in the Delta, the conversion of 460,000 feddans in Upper Egypt from basin to perennial irrigation and the increase of the rice acreage in Lower Egypt by some 200,000 feddans. This programme, whose cost was estimated at £E47,000,000, was planned to be completed by 1953.[1] The recovery of the remaining waste land in Upper and Lower Egypt will necessitate the doubling of the present storage capacity of the dams by erecting new reservoirs at Lakes Tana, Albert and Kioga, and altering the course of the river in the Sudd region so as to diminish evaporation.

[1] Ministry of Agriculture, *L'Egypte agricole*, p. 17. (Cairo, 1937.)

During the last few years reclamation has been held up not by a shortage of water but by the limited financial means of the Government, by the preference of investors (most of whom are absentees) for cultivated rather than newly-reclaimed land which requires constant supervision and is at first unremunerative, and finally by a shortage of labour in the north of the Delta. This last obstacle could be overcome by government-sponsored migration of whole villages from the crowded southern provinces of the Delta. The other two depend on the general financial condition of the country in the post-war years. There will doubtless be many urgent claims on the Government, but it is essential that the process of land reclamation should be accelerated.

Another area which offers certain possibilities is the Mediterranean fringe west of Alexandria. In Graeco-Roman times this region was famous for its grain and wines; and although it is believed that the raising of the level of the soil by earthquakes since that date has affected the water supply, the success of the Italian farms in Cyrenaica and the Gianaclis vineyards in Mariout is a promising sign.

(c) TECHNIQUE

In spite of noteworthy improvements during the last twenty years, Egyptian agricultural technique is still backward except as regards the use of fertilizers. Most of the implements used are of the type depicted on the Ptolemaic temples[1] while the high yields obtained by progressive landlords and government stations show that the ordinary methods of sowing and tilling the land could be considerably improved upon. Egyptian agriculture is wasteful in its use of time, of seeds, of berseem as fodder, and of dung, which is employed as a fuel by the peasants. But the absenteeism of so many landowners and the illiteracy of the peasants make the diffusion of technical improvements very slow. The cheapness of labour also removes any inducement to the use of machinery, so that in the whole of Egypt there are only 1,200 machines, with a horse-power of 34,000, used for field work, and a further 11,300, with a horse-power of 313,000, for irrigation and drainage.[2] Further obstacles to the use of machines are the very small size of individual plots, resulting in the planting of many different crops over a small area, the

[1] For the instruments and conditions of work, see Ayrout, *op. cit.*, pp. 45–55; G. P. Foaden and F. Fletcher, *Egyptian Agriculture*, pp. 109–86. (Cairo, 1910.)

[2] *Annuaire Statistique de l'Egypte*, 1939–1940. These machines are mostly run on oil.

weakness of the co-operatives, and the fact that the fields are cut into small patches by canals and open drains. The use of underground pipes for drainage, which has been estimated to recover in certain cases the equivalent of a twelfth of the cultivated area,[1] would facilitate the use of tractors which in turn might lead to a large displacement of rural labour. But it should not be forgotten that cotton has not readily lent itself to mechanization, even in the United States.

(D) FERTILIZERS

The use of imported nitrates and superphosphates for fertilizing, which started around 1900, has increased considerably and now averages some 500,000 tons per annum with a value of about £E3,000,000. The average consumption per acre is thus 60 kilograms in Egypt against 38 in Holland, 15 in Denmark, and 8 in France.[2] Doubts had been expressed before the recent war as to whether the Egyptian grower was not extravagant in his use of fertilizers, but the appreciable drop in the yield of the 1941 wheat and cotton crops, owing mainly to a shortage of fertilizers, shows that the present scale is required to supplement the dearth of natural manure and repair the progressive exhaustion of the soil. It should not be forgotten that under basin irrigation the land lay fallow for several months and in addition was invigorated by an annual deposit of alluvium. Perennial irrigation on the other hand involves a constant use of the land and moreover keeps off the alluvium-bearing flood, thus exhausting the humus of the soil. The net increment due to the utilization of fertilizers is estimated at 11 to 12 million Egyptian pounds per annum.[3]

(E) ROTATIONS

The exhaustion of the soil is accentuated by the biennial crop rotation which adopts the following cycle:

November–May: wheat and berseem.[4]
June–July: fallow.
August–November: maize.
December–January: fallow.
February–November: cotton.

It will be seen that this rotation yields three crops, including cotton, in two years but allows the land only a few months'

[1] J. Acavalos in *Bulletin de l'Union des Agriculteurs*, June–July 1942.
[2] Mirrit Boutros Ghali Bey, *Siyassat el ghad*, p. 47. (Cairo, 1938.)
[3] Jean Anhoury, 'Les grandes lignes de l'économie agricole de l'Egypte', *Egypte Contemporaine*, 1941, p. 540.
[4] Egyptian clover.

rest. Under the triennial rotation, which is observed by a minority of progressive landowners, only one wheat and one cotton crop are grown in three years, thus allowing for a long period of rest and summer flooding between the crops. This rotation is much less exhausting for the soil and gives yields exceeding by as much as 20 per cent those of the biennial rotation. There is, however, no doubt that from the short-run point of view the latter is the more remunerative rotation, permitting as it does the allocation of half the total area to cotton. The immediate future seems to lie with biennial rotations and increased use of fertilizers, especially phosphates, though the ultimate consequences to the soil will probably be disastrous.

(F) MAIN CROPS

The relative importance of the areas under the main crops in 1937–1938, a representative year, was as follows:[1]

TABLE XIII

PERCENTAGE AREA UNDER MAIN CROPS, 1937–1938

Crop	*Area as Percentage of Total*	*Crop*	*Area as Percentage of Total*
Cotton	21	Millet	5
Maize	18	Rice	6
Wheat	17	Beans	5
Berseem	21	Barley	4
		Other	3
		Total	100

The wholesale value of the main crops, omitting berseem (the value of which is about £E13,000,000), has changed as follows:

TABLE XIV

VALUES OF DIFFERENT CROPS, 1924–1937
(In £E millions)

	1924	*1929*	*1932*	*1937*
Cotton and Seed	65.0	40.0	14.7	27.6
Wheat	12.2	11.7	10.2	10.4
Maize	20.7	12.0	8.1	12.7
Beans	4.2	3.5	2.5	2.5
Rice	2.9	2.9	2.4	2.2
Millet	3.3	1.8	1.7	2.8

[1] Anhoury, *op. cit.*, p. 519.

TABLE XIV—*contd.*

	1924	*1929*	*1932*	*1937*
Barley . . .	2.4	1.7	1.2	1.4
Sugar-cane . . .	1.9	1.4	1.8	1.8
Onions . . .	1.2	1.0	1.1	0.6
Lentils . . .	0.6	0.5	0.3	0.5
Helba (*Fenugreek*) . .	1.1	0.5	0.3	0.4
Total . . .	115.5	77.0	44.3	62.9

The most interesting change is the decline in the relative value of cotton. In 1924 the value of cotton was over five times that of wheat, and three times that of maize; in 1932 it was only one and a half times that of wheat; in 1937 however it was somewhat greater than the combined values of wheat and maize. These changes affect the fall in cotton prices and the increased production of cereals.

(G) COTTON

Cotton undoubtedly constitutes the basis of Egypt's income.[1] The following four chapters will show how heavily Egyptian industry, commerce and finance rest on the shoulders of cotton. The chief causes of its popularity are:

(1) Its remunerativeness. A careful calculation of costs and yields under a triennial rotation in a farm near Dikerness for the period 1935–1939 gave a net profit per feddan of £E9.000 for cotton, £E4.850 for rice and £E4.500 for wheat and maize. It is worth mentioning that no chemical fertilizers were used for cotton but about 60 kilograms for wheat and maize.

In Upper Egypt the net profits from cotton were proportionately less than in the Delta, but on the whole cotton remains the most remunerative of the main crops.

(2) The fact that it is not consumable by the peasants and thus admirably suits absentee landlords. One such whom I questioned on the subject of potatoes and cotton admitted that the former was much more profitable but added 'we could not plant potatoes as our *fellaheen* would eat them up'.

(3) That, as will be seen later, the whole credit system of Egypt hinges on cotton. Banks are eager to lend against cotton, which can be easily graded and does not deteriorate, while certain exporting firms are ready to advance to growers the funds necessary for cultivation in return for a lien on the forthcoming crop.

[1] In the few years preceding the 1939–1945 war, cotton acreage averaged about 1,780,000 feddans and production about 8,850,000 cantars.

Yet although cotton is by far the most important crop, it is by no means widespread. In 1934, when cotton acreage was at the normal figure of 1,732,000 feddans, the number of cotton growers was put at only 558,000. Assuming a prevalent biennial rotation and hence doubling that figure,[1] we have less than half the total number of owners and a still smaller ratio of the total number of cultivators. Only the bigger farmers grow cotton as a rule.

Space does not permit a description of the different cotton varieties, of which the chief are: Giza 7, Sakel, Maarad, Malaki, and Karnak among the long staples (i.e. above $1\frac{3}{8}$ inches) and Ashmouni and Zagora among the medium staples ($1\frac{3}{8}$–$1\frac{1}{8}$ inches). During the last sixty or seventy years Egypt has seen dozens of varieties come into favour, spread and deteriorate owing to hybridation of plants in the fields or of seeds in the ginneries, or even owing to attacks of diseases or parasites, as was the case with Sakel. Some agriculturists believe that cotton, like other Egyptian crops, has a natural tendency to degenerate; but the fact that Ashmouni, which enjoys a monopoly in Upper Egypt, has maintained its quality for nearly seventy-five years seems to indicate that hybridation and not degeneration is the real explanation.[2]

During the last twenty years the Cotton Research Board of the Ministry of Agriculture has done splendid work in the way of improving existing varieties and propagating new varieties, superior as regards length of staple, yield, and resistance to disease. Many of the most popular varieties, for example Giza 7 and Malaki, have originated in the experimental farms of the Ministry. Other measures have included the spreading of improved methods of cultivation, for example earlier sowing and closer spacing; the control of cotton-seed, by prohibiting the mixing of varieties in ginneries and obliging growers to buy their seed requirements from the Ministry, thus raising the degree of purity from 80 per cent in 1926 to 98 per cent since 1933;[3] and finally the control of cotton pests and diseases. Thanks to all these measures and to improved drainage, the average yield of Egyptian cotton has risen from about 3.5 cantars per feddan in 1919–1923 to about 5.5 cantars since 1937.

Egypt occupies a unique place in the world of cotton. In 1939–1940 her average yield was 606 pounds per acre, against 368 for the Soviet Union, 238 for the United States, and 112

[1] Doubling gives an upper limit, for farmers above a certain size always keep half or a third of their land under cotton.

[2] Anhoury, *op. cit.*, p. 527.

[3] *L'Egypte agricole*, p. 45; Selim, *op. cit.*, p. 80.

for India. What is still more important, Egypt accounts for about two-thirds of the world's production of long staples and one-third of the medium staples.[1] This means that Egyptian cotton is always assured of a market and at a premium over other cottons. Does it mean that Egypt is in a position to influence the *price* paid for its cotton? The belief that it was underlay the acreage restrictions of 1921–1923, 1926–1929, and 1931–1933, and the government purchases of 1921, 1926, and 1929. These restrictionist measures must be pronounced signal failures. They cost the Government £E9,000,000[2] and stimulated the production of rival countries, notably the Sudan, whose output rose from 7,000 bales in 1919 to 260,000 bales in 1938.

The first question to be faced when framing a cotton policy is whether the size of the Egyptian crop influences its price. Unfortunately there has so far been no application of the Schultz or Moore methods to the study of Egyptian cotton. The Cotton Bureau,[3] however, working on the years 1899–1929, came to the following conclusions:

There is only slight correlation between the *size* of the Egyptian cotton crop and the *price* of Egyptian cotton.

There is no correlation between the *price* of Egyptian cotton and the *ratio* between the sizes of the Egyptian and American crops.

There is a marked positive correlation between the *prices* of Egyptian and American cotton.

There is a positive correlation between the *size* of the Egyptian crop and its total *value*.

Professor Bresciani-Turroni,[4] working on the years 1889–1925, showed that there was a marked correlation between the *ratio of the sizes* of the two crops on the one hand and the *ratio of their prices* on the other. His conclusion is confirmed by the following table which shows on the one hand the *ratio* of the Egyptian to the American crop and on the other the *percentage premium* of Egyptian cotton over American. The premium is obtained by weighting the average yearly premia of Sakel, Uppers and, after 1936, Giza 7 in Alexandria over American in New York, as given in the *Egyptian Cotton Year Book*, by the acreage under these varieties (there being no estimates of production for the

[1] *L'Egypte agricole*, pp. 33–4; Selim, *op. cit.*, p. 129.

[2] Selim, *op. cit.*, p. 72.

[3] M. A. Zahra and M. El-Darwish, *A Statistical Study of Some of the Factors affecting the Price of Egyptian Cotton*, Cotton Bureau Technical Bulletin No. 1 (Cairo, 1930).

[4] 'Relations entre la récolte et le prix du coton égyptien', *Egypte Contemporaine*, 1930.

earlier years). It will be seen that although the New Deal, by artificially raising the level of American cotton above that of other cottons with which Egyptian must also compete, was a disturbing factor, the existence of a fairly high correlation cannot be denied.

TABLE XV

RELATIVE SIZES AND VALUES OF EGYPTIAN AND AMERICAN COTTON CROPS

Year	*Proportion of Egyptian to American Crop* (%)	*Weighted Premium of Egyptian over American Crop* (%)
1923–1924	12.6	35
1924–1925	10.5	86
1925–1926	10.7	55
1926–1927	9.1	71
1927–1928	9.5	67
1928–1929	11.4	48
1929–1930	11.8	45
1930–1931	12.2	35
1931–1932	7.8	71
1932–1933	8.0	80
1933–1934	13.7	13
1934–1935	15.9	14
1935–1936	16.8	22
1936–1937	15.1	28
1937–1938	12.3	32
1938–1939	14.6	30

Egyptian cotton enjoys a practical monopoly for certain uses, e.g. aeroplane tyres and sewing thread, which are estimated to absorb some 1,250,000 cantars per annum.[1] The remainder of the crop must compete with foreign long and medium staples in conditions of ever-increasing difficulty as spinners are constantly adapting their plant to the use of shorter fibres, and it can only be marketed at prices approaching those of its competitors. As marginal uses determine the price paid for a commodity, it will be seen that the bigger the Egyptian crop the smaller is its premium likely to be.

Does this mean that Egypt ought to restrict output in order to obtain a higher premium? Since 1930 the Egyptian Government[2] has pursued the opposite policy, aimed at producing the largest possible crop, and broadening the market for Egyptian

[1] Selim, *op. cit.*, p. 133.

[2] Influenced by Abdel Wahab Pasha's *Memorandum on a Stable Cotton Policy*. (Cairo, Government Press, 1930.)

cotton by means of propaganda and trade agreements. In view of the uniform failure of restrictionist policies when carried out by a single country, there can be no doubt that it did well.

One last word is necessary regarding the elasticity of supply of Egyptian cotton. Between 1924 and 1938 movements of price in the autumn[1] were followed by similar changes in the following season's acreage in nine years and by opposite changes in acreage in only five years. There is no doubt that growers respond to changes in prices, the more so since the tariff on cereals has narrowed the margin of profitability between cotton and wheat or maize and raised the attraction of cotton's rivals.

(H) GRAIN

The average production and yield of the main grain crops immediately before the second world war were:

TABLE XVI

AREA, YIELD AND PRODUCTION OF MAIN CEREALS
(AVERAGE 1935–1939)

	Area (*thousands of feddans*)	*Acreage Yield* (*ardebs*)	*Production* (*thousands of ardebs*)
Wheat	1,410	5·90	8,319
Maize	1,540	7·45	11,472
Millet	357	9·11	3,260
Rice	456	1·63[2]	724[2]
Barley	266	7·29	1,941

Wheat and millet show highest yields in Upper Egypt and maize in the Delta. Rice is grown chiefly in the Northern Delta owing to its large water requirements and its adaptability to salty soils which make it very useful for land reclamation. Its acreage is fixed by the Government according to the state of the Nile, but an export surplus is usual.

There has been a marked improvement in the yield of wheat (25 per cent) and maize (15 per cent) during the last twenty years, owing to the introduction of better varieties, the improvement of methods of cultivation and the increased use of fertilizers. Nevertheless, that the scope for improvement is immense is shown by the yield of sixteen ardebs of maize per feddan obtained by the Royal Agricultural Society[3] and the ten ardebs of wheat yielded by the Cazoria seeds imported from Italy.

The Government's cereals policy has been disastrous in the

[1] The decision regarding the allocation of land between cotton and wheat must be taken at the end of autumn.

[2] Daribas.

[3] Selim, *op. cit.*, p. 146.

extreme. In certain countries vested interests have clamoured for protection on the plea of 'self-sufficiency' or 'national security'. In Egypt the slogan was 'diversification'. The landlords, faced with falling cotton prices, sought to recoup their losses by raising the price of wheat and maize, which are entirely consumed locally. In 1930 a prohibitive tariff was imposed resulting in the virtual cutting off of imports. Moreover, banks were asked to advance on wheat at high rates, under government guarantee, in order to maintain prices. But the crowning folly was the subsidization of wheat exports at a cost of £E20,000 in 1937 and £E90,000 in 1939.[1] The result of all these measures was to raise the local price of wheat and maize to more than double that of imported grain c.i.f. Suez.

As the bulk of the wheat crop is consumed by the urban proletariat, whose expenditure on bread represents over 50 per cent of their budget,[2] this means that the town workers have been paying a subsidy of some £E5,000,000 per annum to the landlords and their tenants. The iniquity of Egypt's Corn Laws needs no further emphasis.

The tariff cannot even be said to have increased the *area* under wheat or maize, which fell from 20.4 per cent and 20.2 per cent of the total area in 1924–1930 respectively to 17.5 per cent and 20.1 per cent in 1931–1938. The increase in production is attributable solely to the rise in yield.[3]

The result of the tariff has been to convert Egypt into a closed economy so far as cereals are concerned and to limit consumption to what can be produced locally. Between 1931 and 1940 the highest import surplus of maize was 6,000 tons, although the crop fluctuated between 1,918,000 tons in 1931 and 1,421,000 tons in 1933. The highest import surplus of wheat was 59,000 tons, although production fluctuated between 1,320,000 tons in 1932 and 901,000 tons in 1934. In other words the quantity of wheat available for consumption in 1934 was reduced by 40 per cent by the tariff and that of maize by over 25 per cent in 1933. In a country where the mass of the population is living on the verge of starvation such decreases cannot possibly be justified.

(1) OTHER CROPS

The most important of these is berseem (Egyptian clover) which forms an indispensable item in any Egyptian crop rota-

[1] *Annales des Députés*, 28 July 1942.

[2] Dr. W. H. Wilson, *Journal of the Egyptian Medical Association*, 1939, p. 25.

[3] In so far as the rise in yield, however, is due to the use of more fertilizers the tariff must be regarded as having stimulated production.

tion, restoring as it does the nitrogen taken out of the soil by other plants. Berseem, which yields some six to eight tons per feddan,[1] forms the main green fodder in winter and when dried provides summer fodder.

Beans share the restorative properties of berseem[2] and form the main summer fodder. They also constitute an important item in working-class diet. About 400,000 feddans are put under beans each year, giving a crop of about 1,900,000 ardebs.

Although its acreage is only 70,000 feddans, sugar-cane is one of Egypt's most remunerative crops owing to the local sugar-refining industry. Average yield is low (700 crs. per feddan against 1,200 in Java and 1,500 in Hawaii) but this is largely compensated by the shorter period of growth (12 months against 14 and 21 respectively).[3]

The other chief crops are onions, important mainly as an export crop; flax, whose production, neglected since the mid-nineteenth century, has received a great impetus owing to war demands; and oil-seeds.

It only remains to mention fruit and vegetables. Thanks to protection the fruit acreage rose from 28,000 feddans in 1920 to 66,000 in 1937, the main expansion taking place in citrus fruits.[4] The quality, notably of grapes, has also improved. In view, however, of the very limited purchasing power of the mass of the population, which makes most fruit an unobtainable luxury, further expansion seems unlikely unless exports can be intensified. The same is also true of vegetables.

(J) DAIRY PRODUCE

Although the last fifteen years have seen an impressive increase in livestock, the number of cows rising by 39 per cent, water-buffaloes by 35 per cent, sheep by 77 per cent, and goats by 188 per cent,[5] there is still wide scope for improvement of both quantity and quality.[6] Progress is slowed down by two factors: scarcity of green fodder in summer; and the predominant use of livestock for farm work, which puts a premium on working as against fattening or milking qualities.[7] There are as yet very few well-run, clean dairy farms, and much butter

[1] Anhoury, *op. cit.*, p. 534.
[2] Foaden and Fletcher, *op. cit.*, p. 332.
[3] *L'Egypte agricole*, p. 59.
[4] Selim, *op. cit.*, pp. 150–1.
[5] Anhoury, *op. cit.*, p. 640.
[6] In 1939 there were in Egypt about 1,000,000 cows and oxen, 1,000,000 buffaloes, 800,000 donkeys, 1,500,000 sheep and 900,000 goats.
[7] Foaden and Fletcher, *op. cit.*, p. 766.

and meat are annually imported. Poultry farming has, however, been well developed and some 900 million eggs are laid each year, of which over 50 million are exported. The annual output of milk has been estimated at 1,150 million rotls, of which 71 per cent is gamoose (water-buffalo) and 23 per cent cow's milk, with a value of £E4,000,000. Only 20 per cent of this is consumed as milk, 60 per cent being used for butter and *samn* and 20 per cent for cheese. It is worth pointing out that the annual consumption of fresh milk per head is only 13 rotls, against 270 in Britain and 360 in Denmark.[1]

(K) AN AGRICULTURAL POLICY

Although the above outline is brief certain features stand out very clearly. Since 1930 the Egyptian Government has abandoned a restrictive cotton policy for an expansive one, and there can be no doubt regarding the wisdom of the change. On the other hand the policy of protecting cereals has been extremely unwise. The soil of Egypt is much too precious to be wasted on wheat and maize, which should be left to countries practising extensive cultivation like Australia and Argentina. Exclusive reliance on cotton admittedly is dangerous and diversification is necessary, but it must be a progressive not retrograde diversification, one which increases the real wealth of the country, not merely swells the monetary value of certain crops by inflating prices and taxing the consumer. Egyptian agricultural policy should aim at two objects:

(1) Expansion of the cotton crop;
(2) Development of other crops, fruit, vegetables and dairy produce, at the expense of wheat, maize and barley.

The first point calls for no amplification. As to the second it is evident that at the moment Egypt is far from taking full advantage of her climate and soil. There is every reason for expanding the acreage of flax at the expense of wheat, which is technically feasible as both are winter crops, especially in the north of the Delta where flax yields are high and wheat yields low. Similarly, experiments with soya beans and jute seem to promise good returns and it is encouraging to note that in 1942 a company with a share capital of £E200,000 was floated for the cultivation and manufacture of jute.

As regards fruit Egypt cannot perhaps hope to compete with older-established centres such as Palestine, Spain and the

[1] *Bulletin of Ministry of Commerce and Industry*, 1 July 1940.

West Indies in certain varieties, e.g. oranges, bananas, etc. But many Egyptian fruits enjoy considerable advantages owing to their late maturity (for example Valencia oranges), or early maturity (for example Clementine tangerines), or to the fact that Egypt is the only producer outside the tropical zone of, for example, mangoes.[1] The case is even clearer as regards vegetables, where the period of maturation is unusually short and the season coincides with the European winter. Everything in Egypt—soil, climate, abundant labour supply, compactness—point to it as a vast vegetable and fruit garden and exporter of fresh and canned fruits, jams and vegetables.

Finally, Egypt, whose water-buffaloes yield a milk whose fat-content is one of the highest in the world, seems designed to become a dairy centre, especially as regards butter. The problem of summer fodder has been solved in many cases by the use of dried berseem or *dreess*. The planting of beans could be intensified and maize—locally produced or, as in England, imported—used as fodder. New milking and fattening breeds should be imported. But this situation can only come about as a result of sweeping changes, technical and financial.[2] At the moment the country is cotton-minded, hence the admirable cotton research and cotton credit facilities. It must become fruit-minded and dairy-minded. The planting of orchards and vegetable gardens should be concentrated in certain zones so as to facilitate supervision and marketing. Seeds should be imported from abroad to combat degeneration. Grading and packing should be carried out with the same rigour as in the case of cotton, where a very high standard has been achieved. Canning and dairy industries should be set up with Government help. Finally, and most important, credit facilities should be made available as they are at present available for cotton.

Only thus can Egypt hope to raise, or even to maintain, the standard of living of her growing population in a world where wheat has become unprofitable and cotton is continuously assailed by new rivals.

(L) LAND OWNERSHIP AND TENURE

The following table shows the main changes in land-ownership during the last fifty years:

[1] Selim, *op. cit.*, pp. 153–4; *L'Egypte agricole*, pp. 72–3.

[2] It should not be forgotten, however, that dairying, like all Egyptian industries, will continue to be held up by lack of a market, for the internal market is very narrow owing to the poverty of consumers, while the foreign market is held by powerful competitors.

TABLE XVII

DISTRIBUTION OF LAND HOLDINGS, 1896–1939
(In thousands of feddans and of holdings)

Year	*All Holdings*		*Holdings of less than 5 feddans*		*Holdings of 5–50 feddans*		*Holdings of over 50 feddans*	
	Number	*Area*	*Number*	*Area*	*Number*	*Area*	*Number*	*Area*
1896	767	5,002	611	994	144	1,816	12	2,192
1913	1,557	5,293	1,411	1,419	133	1,633	13	2,241
1929	2,176	5,794	2,019	1,708	144	1,759	13	2,327
1939	2,481	5,837	2,323	1,915	146	1,674	13	2,180

Holdings of less than 1 feddan increased in number as follows:

Year	*Number*	*Area*
1913	942,530	405,595
1929	1,475,777	569,464
1939	1,751,587	701,857

It will be seen that the area belonging to large landowners remained unchanged, that medium proprietors suffered a slight loss, and that all the increase in land cultivation went to the small owners. Actually the process was somewhat different, as newly-reclaimed land is usually taken up by large or medium landowners whose properties are on the other hand constantly being broken up among their heirs.

It is commonly believed that land distribution is more unequal in Upper than in Lower Egypt. Although Lorentz curves reveal hardly any difference, a detailed analysis of each category confirms this belief since:

(*a*) The average holding of small owners (0–5 feddans) is 0.85 feddans in Lower against 0.79 in Upper Egypt.
(*b*) The class of very large landowners (over 1,000 feddans) holds 10 per cent of the land of Upper against 6 per cent in Lower Egypt.
(*c*) The medium landowners (5–50 feddans) own a larger proportion of the land in the Delta than in Upper Egypt.

Except for newly-reclaimed land, which requires much capital expenditure and careful husbanding and a very large part of which is owned by land companies, few of the large estates are directly managed by the owners. These are usually absentees who prefer to let it directly or through the medium of one or more tenants-general who sub-let.

It is extremely difficult to form an exact idea of the occupational distribution of the rural population, as the official statistics are both scanty and contradictory. The following, however, attempts a picture of the position in 1937:[1]

TABLE XVIII

DISTRIBUTION OF POPULATION OCCUPIED IN AGRICULTURE, 1937

I.	Rural Population	11,800,000	
	of whom	3,500,000	males, and as many females, were over 15 years of age.

The Census gives the number of occupied women as only 650,000, but it may be taken that all women over fifteen help on their relatives' farms.

II. There are 2,400,000 landowners, practically all males.

III. The Rural Population is subdivided as follows:

(*a*)	1,300,000	employers and independent workers	
		of whom 1,000,000	are landowners
		and 200,000	tenants
		1,200,000	
		leaving 100,000	unaccounted for.
(*b*)	2,700,000	employees	
		of whom 650,000	are women
		1,400,000	small landowners
		and 650,000	landless male labourers
(*c*)	3,000,000	women helping on relatives' farms	
	7,000,000		

It will be seen that less than half the landowners can live on the produce of their farms and of these no less than 250,000 own under one feddan, but that the bigger estates leave a margin for some 200,000 tenants. The bulk of the small peasants must supplement their earnings by working on the large estates. An interesting feature is the number of landless male labourers, a relatively new social class in the Egyptian countryside.

Conditions regulating the farming of land vary widely.[2] In

[1] Based on the Statistical Department's estimate of rural population; returns of landowners published in *Annuaire Statistique de l'Egypte*, 1937–8, and Tables XIX, XXII, and XXIII in the Census of 1937.

[2] A. Lambert, 'Divers modes de faire valoir les terres en Egypte,' *Egypte Contemporaine*, 1938.

certain cases the rent, usually a very high one, is paid in cash, in others in kind, the landlord getting the cotton and sometimes as much as three-quarters of the wheat. In all such cases the landlord regulates questions of water, drainage and rotation, though expenses are often passed on to the tenants who also provide seeds, livestock and other working capital. The landlord also supervises the gathering of the crops and has them deposited in his *shoona* (store) so as to ensure payment of his rent. He usually takes full advantage of his knowledge of price fluctuations in dealing with his tenants.

Another form is *métayage*. The proportion in which the crops are shared varies according to whether or not the farmer provides the working capital. In the former case he gets half the produce, in the latter only one-fifth. Land is never leased for more than two or three years. Annual leases are more common and very often the land is let for the duration of one crop only.

The shortness of the leases, the short-sightedness of the landlords and the poverty and ignorance of most of the tenants have a disastrous effect on the land and livestock. The tenant, paying a high rent and enjoying the use of his farm for only a very limited period, stints the use of fertilizers and exhausts land and beasts. Moreover, his limited income, most of which is absorbed by rent, makes it impossible for him to provide decent farming implements: 'for each feddan under cultivation (in Europe) a sum of PT200–300 is required (for machinery) while in Egypt a sum of PT30 suffices'.[1] M. Anhoury estimates the mean working capital per feddan at £E5, although he judges at least £E20 to be necessary. The maldistribution of land and high rents produce adverse effects not only in the social but also in the economic sphere.

(M) AGRICULTURAL INCOME AND ITS DISTRIBUTION

Several estimates of gross agricultural income have been made during the last twenty years, all of which tally remarkably well with each other when due correction is made for changes in acreage and prices: by Mr. J. I. Craig for the years 1922–1925; M. Minost[2] for 1922–1927; El Sayed Azmy Bey[3]

[1] Foaden and Fletcher, *op. cit.*, p. 110.

[2] 'Essai sur le revenu agricole de l'Egypte', *Egypte Contemporaine*, 1930.

[3] 'A Study of Agricultural Revenue in Egypt', *Egypte Contemporaine*, 1934.

for 1930–1931 and 1931–1932; Mr. Avigdor for 1933; finally, the present writer, in the survey mentioned in *Chapter Four* (section on *Internal Migrations*), for 1937. Estimates of net income are not so readily comparable owing to variations in methods and definitions, but an attempt to do so is given in the following table:

TABLE XIX

GROSS AND NET AGRICULTURAL INCOME, 1922–1937
(£E000,000's)

	Year	Gross Income	Labour Expenses	Other Expenses[1]	Net Income
Average	1922–1925	130	..	..	..
,,	1922–1927	102.5	29.7	20.4	38.4
,,	1930–1931	68.4	21.2	26.5	20.7
,,	1931–1932	58.4	16.5	25.4	16.1
,,	1933	51		29	22
,,	1937	78		44	34

The table does not permit the comparison of rents and wages at different periods. The 1892–1907 cadaster however gave a total rental value for Egypt of £E16,356,000 or £E3.595 per feddan. The 1935–1937 cadaster gave a total of £E33,610,000 or £E5.712 per feddan.[2] Thus both total and average rentals have risen considerably during that period. The course of certain representative rentals during the slump was as follows:[3]

TABLE XX

MOVEMENT OF RENTS, 1928–1937
(In £E per feddan)

	1928	1932	1937
North Delta	7–8	3	5
South Delta	10–11	5	7–8
Minia	18–20	8–9	10–12

A sharp deflation took place but part of the loss was later recovered.

Less data are available regarding wages. Writers such as

[1] Includes seeds, fertilizers, taxes, fuel, upkeep, etc.

[2] It is interesting to recall that average land rent in cotton areas in the United States was under $4 in 1933 and $5 in 1939, representing about 17 per cent of the total costs of production of cotton, including marketing, in those years.

[3] A. Lambert, *op. cit.*, p. 196.

Arminjon or Foaden and Fletcher, who devote long chapters or whole books to Egyptian agriculture, grudge the principal author of Egypt's wealth a few lines and mention everything except the *fellaheen*. Nevertheless the trend of wages can be determined from Abdel Wahab Pasha's Memorandum and the Report of the Sub-Commission[1] on the means of reducing agricultural costs.

TABLE XXI

MOVEMENT OF WAGES, 1912–1934

	Wage in m/m	*1912 Index price of Maize*	*Cost of living Index*	*1929 Wage*	*1929 Maize*	*Cost of living*	*1934 Wage*	*1934 Maize*	*Cost of living*
Sakha	45	100	100	50–55	87	151	21–30	97	127
Merebein	50			50–60			20–32		
Beshbishe	40–50			45–70			26–31		
Upper Egypt	35–40			40					

It will be seen that money wages increased by 10–20 per cent between 1912 and 1929. Wages expressed in terms of maize, the staple food of the peasants, increased by some 30 per cent; in terms of the urban cost of living index, which although it contains many items outside the range of the *fellaheen* also includes articles purchased by them, for example sugar, kerosene, cotton piece-goods, they fell by about 35 per cent. The effect of the slump was disastrous. Money wages fell by some 50 per cent while the price of maize rose by 11 per cent, owing to the tariff, a rise mitigated by the fall of 16 per cent in the cost of living index.[2]

The Ricardian analysis of rents and wages is remarkably well confirmed in Egypt. An increase in population was accompanied by an appreciable rise in rents and a sharp fall in money and real wage rates.

(N) COSTS AND RETURNS ON LARGE AND SMALL HOLDINGS

The 1937 survey throws some much-needed light on the relative level of costs and returns on large and small holdings. The averages are shown in the following table. The standard deviations within each category were remarkably alike for large, medium and small holdings:

[1] *Rapport de la sous-Commission sur les moyens de réduire les frais de production.* (Cairo, Government Press, 1936.)

[2] 'The Egyptian working classes have performed the miracle of accepting without resistance a 50 per cent reduction of money wages', S. Avigdor in *Bulletin de l'Union des Agriculteurs*, June–July 1932.

TABLE XXII

COSTS AND RETURNS ON LARGE, MEDIUM AND SMALL HOLDINGS, 1937

(In £E per feddan)

	Gross Returns	*Costs*	*Net Returns (Before Payment of Taxes)*
Lower Egypt (perennial)			
Small (about 5 feddans)	14.414	5.204	9.210
Medium („ 50 „)	14.366	5.827	8.539
Large („ 300 „)	14.012	6.914	7.098
Upper Egypt (perennial)			
Small	19.353	7.488	11.865
Medium	16.047	7.447	8.600
Large	17.466	7.778	9.688
Upper Egypt (Basin)			
Small	13.101	6.783	6.318
Medium	12.606	7.053	5.553
Large	12.461	8.074	4.387

It will be seen that in every case gross returns were highest on small farms, followed by large farms on perennially irrigated land and by medium farms on basin land. This fact is of great importance, implying as it does that small holdings are most efficient and that the breaking up of large estates may actually lead to an increase in total productivity, not a decline as its opponents pretend.

(o) WAKFS

The great extension of *Wakfs*[1] or mortmains has drawn attention to some of the evils to which they give rise. Charitable *Wakfs* (*Khairi*), or endowments in favour of religious or educational bodies, call for little comment. Family *Wakfs* (Ahli) vest the usufruct of the land in the heirs in perpetuity while the land itself becomes inalienable. The effect is that no bank will advance money to *Wakf* beneficiaries since it can only secure a lien on the income, not the property itself. The beneficiaries themselves cannot sell part of their property to pay off debts but must try to repay both interest and principal out of current income. The multiplicity of beneficiaries often reduces the share of each to ridiculous proportions—thus out of an annual income of £E7,500 certain beneficiaries received only

[1] In 1939 *Wakfs* covered 649,000 feddans.

PT60[1]—and opens the door to unlimited abuse on the part of the administrators and bailiffs of the *Wakfs*.

It is clear that a reform is urgent but strong vested interests sheltering themselves under the cover of religion must be overcome before any change can be carried out.

(P) CO-OPERATIVES

The war of 1914–1918 struck a heavy blow at the few agricultural co-operatives,[2] but with the achievement of political independence interest in the movement revived and by the laws of 1923 and 1927 co-operatives were placed under Government supervision and a credit of £E350,000 was put at their disposal with Banque Misr. Co-operatives were to borrow at 4 per cent and re-lend to their members at 7 per cent.

It was intended at first to proceed gradually and maintain a very high standard, but this policy was soon abandoned; and what with the eagerness of peasants to obtain cheap credit and the zeal of officials and *Omdas* to obtain results[3] the number of co-operatives had by 1931 reached 539, with a membership of 53,000.

The foundation of the Banque de Crédit Agricole in that year, which advanced to individuals or co-operatives alike, removed the main attraction of the latter and the rate of expansion slowed down considerably. In 1939 the number of co-operatives was only 793, membership 78,000, advances and sales £E1,125,000, and paid-up capital and reserves £E334,000. Nor did the matter end there. The fact that the Crédit Agricole advanced to co-operatives at a lower rate than to individuals was best appreciated by *large* landowners, who began to join the co-operatives and secure control over them.

The co-operatives attempt to perform many services for their members: advances of short, medium and long-term loans, for seasonal finance or long-term improvements; sale of produce; purchase of household goods; encouragement of village industries, etc. Some have even taken an interest in social work, for example schools, drinking troughs, etc. Nevertheless, there exists a widespread dissatisfaction with the results so far obtained, and in 1940 a Commission was formed to study the defects and prospects of improvement of the co-operatives. Its main recommendation was the gradual transformation of

[1] Mohammed Ali Pasha, 'Le Problème du Wakf', *Egypte Contemporaine*, 1927.

[2] See *Chapter Three*, Section *D*.

[3] Strickland Report, quoted by Dr. Ibrahim Rashad, *Ki ɔb at Taawun az Zarai*, vol. ii, p. 71. (Cairo, 1935.)

the Crédit Agricole into a Central Bank for co-operatives, which should restrict its activities to financing the societies. There can be no doubt that such a measure would give a great stimulus to co-operation, but several important obstacles remain: first, the *fellah's* ignorance and imperfect appreciation of the benefits of co-operatives, secondly, the baleful interference of government officials in the affairs of the co-operatives, and thirdly, the influence of large landowners who, especially in Upper Egypt, prevent the formation of societies or, where these are formed as in Lower Egypt, secure control and prevent the emergence of a democratic co-operative spirit. The movement deserves the encouragement of every Egyptian but there is little hope of really living co-operatives for some time to come.

ADDENDUM

Since this chapter was written, the following tables showing wage movements have appeared in *L'Egypte Contemporaine* of March 1943, in an article by M. A. Lambert:

Unskilled labourers:

	Delta	*Middle and Upper Egypt*
1914	Pt 2.5 to 3 per day	Pt 2.5 per day
1920	„ 7 to 8 „ „	„ 6 „ „
1928	„ 4·5 „ „	„ 4 „ „
1933	„ 2·5 „ „	„ 2 „ „
1939	„ 2.5 to 3 „ „	„ 2 to 2.5 „ „

Wages of other categories of agricultural labour changed as follows during the slump:

	1928	*1939*
Skilled Labour	Pt 5 per day	Pt 4 per day
Shepherds	„ 4·5 „ „	„ 3 to 3·5 „ „
Conductors	„ 4·5 „ „	„ 3 „ „

Wages paid on a monthly basis also declined:

	1928	*1939*
Clerks	Pt 400 per month	Pt 300 per month
Foremen	„ 250 „ „	„ 150 „ „
Watchmen	„ 150 „ „	„ 100 „ „
Storekeepers	„ 200 „ „	„ 130 „ „
Mechanics	„ 350 „ „	„ 250 „ „

Mr. Lambert concludes his survey as follows:

'By the end of 1942 rural labour, as a whole, may be said to have earned wages twice as high as those of 1939.

'During rush periods, and especially where workers dwelling

outside the locality had to be employed, 2½ to 3 times the 1939 wage was paid.

'If it be remembered that the price of maize has nearly trebled, and that this article constitutes the staple foodstuff of the rural labourer, a mean increase of 100 per cent in wages would seem to be relatively small.

'In spite of appearances, the agricultural wage-earner has had his means of living curtailed by the impact of the war, and to a large degree has had to take his share of the general impoverishment caused by the world conflict.'

Chapter Six

INDUSTRY

'Wir weben emsig Tag und Nacht.'—Heine

(A) HISTORICAL

THE shortage of imports during the war of 1914–1918 brought into being many minor industries, some of which survived the war, and gave the older ones a new lease of life. Nevertheless, up to the tariff of 1930 Egyptian industry remained depressed and there were few important new ventures. Industrialists were faced by several adverse factors, most of which still exist, such as:

1. The narrowness of the home market, owing to the very low purchasing power of the mass of the population. In view of the practical impossibility at the present time of starting new industries producing for export, this poverty remains the most important limiting factor.
2. The absence of any tariff protection whatsoever, or any discrimination between imports of raw materials and finished goods.
3. The restricted range of industrial raw materials available locally.
4. The absence of local fuels and of cheap electric power.
5. The dearth of Egyptian technicians and low efficiency of labour.
6. The reluctance of Egyptian capitalists to invest in industry, owing to the attraction of land, which has been described as a 'bottomless sink' for Egyptian capital, and the discouragement of foreign capitalists by a feeling of political insecurity.
7. The absence of an organized system of industrial credit.
8. The preference of consumers for foreign goods and a general prejudice against local produce.
9. The absence of preferential transport rates designed to lower costs of production.
10. Finally, an unsympathetic attitude on the part of the Government, manifesting itself in excise duties, vexatious formalities, absence of legislation regarding trade marks, etc.

The only offsetting factor was the cheapness and complete lack of organization of labour. This was gradually reinforced

by a desire to increase the country's political and economic independence by industrialization. A significant landmark was the Report of the Commission on Commerce and Industry in 1917; another was the foundation of the Banque Misr in 1920, one of whose main objects was the fostering of Egyptian industries; yet another was the creation of the Fédération Egyptienne des Industries in 1922, representing the industrial employers.

In 1930 the duties on imports were drastically increased, and although there is still much scope for differentiation between raw materials (many of which are heavily taxed for fiscal reasons) and finished goods, it is certain that industry enjoys a very substantial measure of protection. The last ten years have seen the investment of relatively large sums in industry.

In the absence of statistics it is difficult to judge the extent of the industrial advance. The 1937 Census gives the total number employed in industry, including mining and building but excluding transport, at 610,000, a decrease of 8,000 on the 1927 Census. Even admitting that the growth of new industry has been achieved at the expense of artisans, which has been the case only to a slight extent, a substantial increase was to have been expected. It seems fairly evident that the Census figures are unreliable and competent observers put the number at present employed in industry, as defined above, at over 750,000.

Some indirect light on the advance of industry is thrown by import statistics, showing the increase in imports of machinery and raw materials since 1913 and the decrease in imports of certain manufactured goods.

TABLE XXIII

ITEMS OF IMPORT IN 1938
EXPRESSED AS A PERCENTAGE OF 1913 IMPORTS[1]

Machinery and Raw Materials		*Finished Goods*	
Mineral oils and lubricants	1,403	Iron bedsteads (value)	2
Silk yarn	1,012	Leather shoes	6
Precision instruments	629	Furniture (value)	11
Mazout	590	Tarboushes	13
Vegetable oils for industry	516	Tanned leather	22
Iron bars	331	Cement	24
Machines (value)	313	Cotton yarn	29
Cast iron	281	Matches (value)	40
Woollen yarn	180	Glassware	45
		Soap	51
		Cotton piece goods	58
		Beer	76

[1] J. Schatz, 'Le développement industriel de l'Egypte', *Journal du Commerce* (Alexandria), 8 June, 1940.

Another index pointing in the same direction is the fact that two-thirds of the industrial establishments existing in the Governorates[1] in 1937 were less than ten years old.

(B) THE MAIN INDUSTRIES

Before describing the structure of Egyptian industry it is well to review briefly the different branches. Except where otherwise stated, the latest pre-war figures have been taken.

Mines and Quarries

With the tapping first of Ghardaqa (Hurghada) and more recently of Ras Gharib oilfields, output has shot up rapidly to 1,220,000 tons in 1941, of which mazout accounts for 730,000 and benzine for 157,000. Production is sufficient, and for certain oils more than sufficient, to cover all local requirements apart from kerosene.

In recent years the output of phosphates has been over 500,000 tons, of which some 450,000 were exported, mainly to Japan. The remainder is chiefly converted into superphosphates, of which some 20–30,000 tons are produced annually.

Manganese is mined in Sinai and 200,000 tons of low-grade ore are exported each year.

Although no figure for the total production of salt has been published, output—which is probably over 200,000 tons—not only covers requirements, but leaves a fairly substantial export surplus.

Cement production has attained 400,000 tons, but productive capacity is estimated at 600,000 tons. Local production meets 90 per cent of the country's needs.

Some 10,000 tons of nitrates are produced annually and the natron fields of Wadi Natrun yield considerable quantities of sodium carbonate and sodium sulphate as well. Mention should also be made of the quarries of marble, granite, basalt and talcum.

But what seems to be the largest of Egypt's mineral resources remains unexploited. In 1937 it was announced that iron ore deposits estimated at 1,000 million tons had been discovered 50 kilometres east of Aswan. Analysis of samples showed that the iron content was very high (50–60 per cent) and that the properties of the ore were such as to facilitate smelting. It should be added that the deposits are very near the surface of the soil and not very far from the Nile.

The history of the negotiations concerning the use of the iron

[1] i.e. Cairo, Alexandria, Port Said, and Suez.

deposits is obscure, having been confused by local and international political issues. Agreement seems to have been reached with a German firm which was to have set up the necessary plant and taken in return 600,000 tons of ore per annum, at 14*s.* a ton f.o.b. Alexandria, during seven years. This eventually fell through and a subsequent agreement with a British firm was rendered inoperative by the outbreak of war. The absence of coal remains the greatest obstacle to be overcome, but there is every hope that the project will be carried out after the war.

It only remains to add that the number of men employed in mining and quarrying was given in the Census as 11,000.

Cotton Industries

The old-established ginning and pressing factories continue to handle the whole of the cotton crop. About 40,000 men and women are employed during the season, which lasts from October to April.

Cotton-seed Oil and Soap

The thirteen cotton-seed presses work well below capacity since only some 730,000 ardebs of seed, or 35–40 per cent of the crop, are usually pressed. Output of oil is about 40–50,000 tons, of which 30,000 are consumed as oil, about 10,000 are exported and 6,000 to 10,000 used for soap. Some 230,000 tons of cotton-seed cake are left as by-products, 90 per cent of which is exported. Small quantities of linseed and olive oils are also produced.

The soap industry works on local and imported oils. Output is about 1,000,000 cantars or 45,000 tons, meeting 90 per cent of local requirements.

Milling

The 1930 duty on wheat, which cut off practically all imports, has greatly stimulated the milling industry. Yet although twenty modern mills using cylinders have been set up, there are still 3,000 primitive stone mills. Rice mills have also grown in importance with the increase of the crop.

Employment in the various branches is estimated at 50,000.

Sugar

After many vicissitudes, all sugar mills and refineries were concentrated in the Société des Sucreries whose prices and profits have been subjected to government control. Output has varied between 150,000 and 200,000 tons, of which some

40,000 are exported. The bulk of the raw sugar is obtained locally, but some 30,000 tons are imported. Output of molasses is about 80,000 tons, of which some 20,000 are exported, the rest being used in the production of alcohol (5,000,000 litres). During the busy season as many as 27,000 hands are employed.

Cigarettes

This is still one of the chief industries, but has shown a tendency to decline partly owing to the fact that, like all luxury export industries, it has suffered from the decline in international trade, partly because the high customs duties on tobacco have driven producers to substitute cheap Chinese or Japanese for Balkan tobacco, thus spoiling the home as well as export markets of the previously celebrated Egyptian cigarettes. The industry employs some 5,000 men. Its annual output is about 6,000,000 kilograms.

Spinning and Weaving

In Egypt, as in many other newly industrialized countries, this is the branch of industry in which advance has been most marked. In 1930 output of cotton piece goods was about 25,000,000 square metres. By 1939 it had risen to 150,000,000 square metres, of which 40,000,000 came from handlooms. There has also been a very marked improvement in quality.

Alongside the spinning mills and weaving sheds have grown factories making hosiery, underwear, ready-made clothes, etc. Nevertheless, there is still much scope for development as may be seen from the fact that Egypt has only 250,000 spindles, i.e. 1 per 64 inhabitants, while the proportion in India is 1 per 36, in Brazil 1 per 15, and in the United States 1 per 5. The industry, however, continues to be heavily handicapped by the prohibition on the import of foreign cotton into Egypt. This means that it is compelled to make low-quality goods with high-quality expensive Egyptian cotton, which removes much of the effect of the protection accorded to it.

The only other important branch of textiles is silk-weaving (14,000,000 square metres), but there is a small production of woollen and linen goods. In 1942 a jute company was founded.

About 50,000 persons are employed in the textile industry, of whom one-fifth are women.

Fisheries

Fishing is still carried out by small boats and gives employment to 50,000 men and 20,000 boys. Output is estimated at

40,000 tons, worth £E1,000,000. Here too there is much scope for development as consumption of fish is only 3 kilograms per annum per head, against 28 kilograms in Great Britain and Japan.

Electricity

Of the enterprises shown in the Industrial Census as using motive power, no less than 74 per cent depend on electricity, hence the importance of studying the present development of electrification in Egypt.

In 1937 the number of towns using electricity was 58, with a total population of 3,600,000. But, owing to their very low purchasing power, only a fraction—in Cairo under a third—of their inhabitants actually enjoy its use.[1] In 1936 production was estimated at 288 million kilowatts, or 18 per inhabitant, against 60 for Portugal, 360 for Italy, and 2,760 for Norway. The bulk of the electricity is derived from thermic energy. About one-third is produced by public bodies and two-thirds by private enterprise. Cairo accounts for 35 per cent of consumption, Alexandria for 26 per cent and the rest of Lower Egypt for 27 per cent.

In recent years production has sharply increased, at an annual rate of 13.1 per cent between 1929 and 1936. Part of the increase is due to the installation of electric pumps for irrigation and drainage in the Northern Delta, part to the extended use of electricity for lighting, but the bulk has gone to industrial uses whose annual rate of expansion has been 27 per cent and which, in 1936, took nearly a third of the total output. Clearly the future of electricity is becoming increasingly bound up with that of industrialization.

The concentration of consumers in the Delta is one of the main reasons for the failure to carry out the project of generating electricity from the falls of the Aswan Dam, proposed after the first world war and estimated to cost some £E7,000,000. The project was also held up at first for technical reasons (difference of water level in summer and winter) and then for internal political reasons.

Different uses have been suggested for the electricity which would be thus generated (over 2,000 million kilowatts per annum). Part could be used to produce some 200,000 tons of synthetic nitrates per annum, part to work the iron mines near Aswan. The electrification of the railways of Upper Egypt has

[1] A. J. Dorra, 'L'aménagement hydro-électrique du Barrage d'Assouan', *Egypte Contemporaine*, 1938, from which all the figures in this section are derived.

been suggested, but traffic on this section of line hardly warrants electrification. Finally, it has been claimed that the energy can be carried to the Delta (900 kilometres away) without any great loss.

There is no doubt that the postponement of the scheme has had unfortunate results on industry, but to-day, when the output of oil-wells is increasing rapidly and more than covers most requirements, it is no longer certain that it would not be cheaper to generate electricity from oil. The question must be re-examined in the light of the changed situation.

Other Industries

It remains to mention the other main industries: building, which employs 120,000 men; hotels, an important but declining branch; brewing, whose output was 80–100,000 hectolitres, covering 65 per cent of local consumption; glass; metallurgy, consisting mainly of the transformation of half-finished imports; engineering, largely concentrated on the repair of ships' and other engines; tanning, which meets practically all local requirements; chemical industries, producing sulphuric acid, caustic soda, matches and varnishes; finally, paper, for the manufacture of which out of rice stalks a large modern factory has been recently set up with a capacity of over 20,000 tons per annum.

(c) STRUCTURE

As stated above, Egyptian industry employs over 750,000 persons. The aggregate horse-power of its plant is some 650,000 h.p.[1] The bulk of industry is concentrated in Cairo and Alexandria, in which are to be found two-thirds of all enterprises employing ten persons or over as shown in the 1937 Industrial and Commercial Census.[2]

Data for estimating the value of the output of industry are very scanty. Early in 1940, before the war boom had gone far, the Federation of Industries published figures showing that 200 of its 450 members had a combined capital of £E40,800,000, employed 126,000 workers, and produced goods or services with a gross value of £E29,350,000.

If the transport companies be excluded, the figures become £E34,800,000, 117,000 persons and £E28,000,000.

Net output of the whole of industry has been estimated by Mr. Habashi at £E40,500,000.

[1] *Annuaire Statistique de l'Egypte*, 1939–1940.

[2] This Census is manifestly incomplete and the totals shown therein misleading. But there seems to be no reason why it should not be used as a representative sample.

Concentration

The most striking feature of Egyptian industry is its extreme concentration. As regards employment, 52 per cent of industrial establishments employ no labour, 45 per cent employ 1 to 9 persons, and only 3 per cent employ 10 or more. As regards capital, only 1.2 per cent of the firms have a capital of over £E1,000, and only 0.5 per cent a capital of over £E10,000. Yet the latter own over seven-eighths of the total invested in industry. These Census results are corroborated by the above-mentioned figures regarding the members of the Federation of Industries. Finally, as regards motive power, only 12 per cent of all enterprises have engines of more than 50 h.p.

Two main reasons may be adduced to explain why Egyptian industry has immediately assumed a monopolistic aspect, without passing through the stage described in text-books as competition—first, the extreme narrowness of the market, which does not leave room for more than one or two firms of modern scale, and secondly, the inherent profitability of grouping to form cartels.

The first factor can be illustrated from public utilities, transport, sugar, cement, oil-wells, glass, alcohol, matches, paper and mining, to mention only the main industries. The second from ginning and pressing, where intense competition was followed by a cartel fixing quotas and prices; river transport; salt; brewing; textiles, where the main companies have a marketing agreement; and cigarettes, where there has been a rapid concentration of the once numerous firms.

In order to complete the picture it should be mentioned that the main enterprises in each industry are members of one of the Chambers of Industry and that these Chambers are grouped in the powerful Federation of Industries, presided over by an ex-Prime Minister and subsidized by the Government. It will thus be seen that the position of industrialists is very strong, compared with both consumers and labour. The effects of this strength would have been even more manifest had it not been that Parliament is completely dominated by agrarian interests.

Protection

Another feature of Egyptian industry is that, to a large extent, it has grown and only lives behind the protection of a tariff wall. Figures are difficult to obtain but it may be mentioned, by way of illustration, that the cost price of local sugar was £E12 per ton, against a world price of £E6, and that

imported cotton textiles paid a duty of about 100 per cent.[1] These are perhaps extreme cases for in most industries duties are substantially lower. Nevertheless, the amount paid by the consumer must run into millions of pounds.

Dependence on Imported Materials

For their raw materials, many Egyptian industries are largely dependent on imports—notably cigarettes; brewing, which gets its hops from abroad; glass, which imports many of its materials; rubber; silk; and above all, metallurgical industries, which work wholly on imported materials.

Recent Foundation

As has been mentioned above, a large proportion of Egyptian industries dates from the 1930 tariff. The Census puts the proportion founded in the decade 1928–1937 at 60 per cent of the total. This is reflected in the fact that 74 per cent of the machines used are driven by electricity.

This does not, however, mean that all the machinery is up-to-date, for in many, if not most, cases second-hand plant was imported from abroad.

Finance

Egyptian industry makes relatively little use of credit facilities, except for short-term seasonal purposes. The larger industries are usually directly financed from abroad (for example the Banco di Roma owns 25 per cent of the capital of the Egyptian Phosphate Company) or by local institutions with interests in the enterprise, for example Banque Misr for the Misr Group. The smaller enterprises and artisans very rarely borrow as there are no institutions specializing in industrial credit. Such capital increases as may be decided upon are offered directly for public subscription, not through the medium of issuing houses.

Stability and Profitability

Compared with other countries, Egyptian industry shows a remarkable degree of stability. The index of net profits[2]—the best available in the absence of employment indices—fell from 128 in 1929 to 67 in 1931, but recovered to 87 the following year and by 1939 had returned to 125.

This remarkable stability is due to the fact that Egyptian

[1] But part of this protection merely covers the price difference between Egyptian and foreign cotton. See Section *B*, *Spinning and Weaving*.

[2] C. Issawi and F. Rosenfeld, 'Company Profits in Egypt 1929–1939', *Egypte Contemporaine*, 1941, covering twenty-one companies with an aggregate capital of £E7,721,000.

industry produces entirely for the home market, is heavily protected, is monopolistic, has very low debenture charges, and, above all, to the fact that in the main it ministers to very simple and inelastic needs, unlike the more developed industries of Western countries which produce luxury or semi-luxury goods, the demand for which is more elastic.

The rate of profits is relatively high, declared net profits averaging over 13 per cent of share capital during the years 1929–1938.

(D) EFFECTS OF THE WAR

The shortage of imports, the increase in demand arising from the presence of Allied troops in Egypt, and the consequent rise in prices, have had a very stimulating effect on Egyptian industry. The index of net profits rose from 114 in 1938 to 154 in 1940 and 175 in 1941.[1] Figures for 1942 were not available at the time of writing but it is significant that the gross profits of many of the leading companies exceeded their share capital.

Certain figures of output are also illustrative.[2] The output of cotton yarn rose from 25,000,000 kilograms in 1938 to 36,000,000 kilograms in 1942. Weaving, especially on handlooms, received an impetus and output rose from 190,000,000 yards in 1938 to 300,000,000 yards in 1944. Other textiles, notably wool and silk, showed even more striking advances.

Food industries have also benefited, the output of beer rising from 72,000 hectolitres to 235,000, that of sugar from 160,000 tons to 200,000, and that of cotton-seed oil from 40,000 to 90,000 tons. Even more remarkable advances were registered in mining, especially oil and cement, and in chemical and metallurgical industries. But perhaps the most striking rise in output was in tanning, where production in certain branches increased twentyfold.

There is no doubt that Egyptian industry has been able to lay aside large reserves during the war, and these will be available for its re-equipment with modern and efficient plant.

(E) PROSPECTS OF INDUSTRY

In the final chapter of this book the future of Egyptian industry will be discussed within the framework of the national economy. Here only a few technical and economic considerations will be dealt with.

[1] C. Issawi, 'Company Profits in Egypt 1940–1941', *Egypte Contemporaine*, 1942.

[2] *Bulletin of Ministry of Commerce and Industry*, July–September 1942; *Bulletin of the Economic Research Institute of the Jewish Agency for Palestine*, 3rd issue, 1945.

A spectacular growth of industry is not to be expected as long as the internal market remains limited by the poverty of the mass, while exports of finished goods are at present unthinkable. A further limitation, likely to prevail as long as the present balance of political power lasts, is the high price of foodstuffs arising from the tariff on grain and resulting in high labour costs in spite of the extreme lowness of real wages. Like Britain a century ago, Egypt can only become an industrial country by abolishing her Corn Laws.

Nevertheless there seem to be good prospects for Egyptian mining, especially oil and iron ore, in which an export trade may be built up. Moreover, the expansion of oil production, and possibly the electrification of the Aswan Dam, may solve Egypt's fuel problem and remove one of the main obstacles in the way of industrialization. Another obstacle, the inefficiency of labour (which is not so great as is sometimes claimed) and dearth of technicians, will also become less acute as more experience is gained and education becomes more widespread. The proposed extension of industrial credit facilities[1] would also help considerably, as would the carrying out of the scheme for a national Industrial Research Institute. There is also much scope for helping industry by means of lower duties on imports of raw materials and machinery and reduced transport charges.

Nevertheless, the scarcity of local industrial raw materials remains and should determine the basis of industrial policy. It is more than doubtful whether any economic gain results from the transformation, at a relatively high cost and only thanks to heavy protection, of imported raw materials or semi-finished goods, for in such cases the producer's gain is balanced by the consumer's loss. Like the tariff on wheat, such tariffs merely swell the monetary value of the product by transferring purchasing power.

Egyptian industries should be restricted to the relatively few branches in which raw materials are obtainable on the spot, such as tanning and leatherwork, cotton textiles, sugar, chemical industries, paper, etc., or in which the imported raw material forms only a small part of total cost, e.g. cigarettes, furniture, etc. But above all Egypt should concentrate on agricultural industries—dairying, preserved fruit and vegetables, jams, sauces, etc. Here economic factors seem to be favourable and the main obstacles may be described as social, i.e. the absence of high standards of cleanliness and professional honesty, indispensable in such industries. Nevertheless it should not be

[1] See *Chapter Nine*, Section *E*.

above the combined powers of government and private enterprise to exploit an activity for which Egypt is so well suited.

Finally, there is the cinema industry, whose potentialities are immense. At the present time it employs only some 1,000 persons, has an annual expenditure of about £E500,000 and produces fourteen to eighteen long films per annum, which find markets as far afield as Turkey, India, Abyssinia, Morocco, Argentina and the United States (thanks to the presence of large colonies of Syrians in the last two countries). As long as production is restricted to Arabic films possibilities are limited. But the unique climate of Egypt, which permits of outdoor photography the whole year round, points to its possibilities as a first-rate international film centre. Naturally, such a development can only take place by interesting American and British producers, but the prize at stake is well worth the trouble involved.

(F) LABOUR CONDITIONS

The pre-war level of wages in Egypt may be judged from the following table, covering 158,000 labourers, compiled from figures prepared by the Labour Department in 1938:

TABLE XXIV

AVERAGE WAGES AND HOURS OF WORK

Category	*Average daily wage (m/m)*	*Working hours per day*	*Working days per month*
Egyptian Men . . .	88	9.2	24.3
„ Women .	43	8.9	21.5
„ Boys . . .	24	9.1	23.9
„ Girls . . .	29	8.7	24.0
Foreign Men . . .	289	9.2	26.1
„ Women . .	122	9.2	23.6
„ Boys . . .	66	9.5	21.5
„ Girls . . .	47	9.2	23.9

Judged by western standards wages are very low (except for foreigners who constitute 5 per cent of the total). Relatively to agriculture, however, they are quite high, even allowing for the higher cost of living in towns, and probably account to a large extent for the drift to the towns. Comparison with 1914 is difficult, but Clerget[1] gives good reasons for believing that the rise in wages was well below the increase in the cost of living.

[1] *Le Caire*, vol. ii, pp. 154–8. (Cairo, 1934.)

No unemployment statistics have been compiled and random inquiries occasionally carried out certainly understate the total owing to the suspicion they arouse among workmen. Nevertheless, it may be said, with some degree of confidence, that there is relatively little seasonal unemployment—because seasonal industries, for example sugar refining, cotton ginning, recruit their labour mainly from the countryside; or cyclical unemployment—because of the stable character of Egyptian industry. On the other hand there is a large reserve of wholly or partly unemployed labour in the towns. As in other countries, skilled labour suffers relatively little from unemployment.

Hours of work are very long. The 1937 Census shows only 25 per cent of the enterprises giving returns as working under 49 hours a week, while 17 per cent worked over 80 hours. An inquiry carried out in 1935 among trade unions by graduates of the Faculty of Commerce of the Fuad I University showed even worse results, no less than 70 per cent of the workmen covered working over 10 hours a day and 37 per cent over 12 hours a day. The Census gives the number of enterprises which do not observe a weekly holiday as 30 per cent of the total. Hygienic conditions vary widely. Some modern factories bear comparison with Europe, but Mr. Butler reports 'a number of establishments, both European and Egyptian, where conditions existed which implied a large measure of indifference to the welfare of the workpeople'.[1] Conditions are particularly bad in the small workshops, often situated in semi-ruined buildings.[2] On the whole, standards are very low and much harm is done to workers' health, while the neglect of elementary precautions often results in serious accidents.

As regards age, the inquiry showed that only 5 per cent of the workmen covered were above 50 years of age (whereas 10 per cent of the male inhabitants of Cairo were over 50). The coefficient of correlation between wages and age was very low—0.35—showing that the workman cannot look forward to an improvement in his condition as he gets older and gains experience.

On the whole, then, the condition of workmen is very depressed. First, because of the relatively low productivity of labour. This, as has been pointed out, is due not to lack of skill[3] but to the lesser use of modern machinery and to irregular attendance and low professional standards. To this should be

[1] H. Butler, *Report on Labour Conditions in Egypt*, p. 2. (Cairo, 1932.)

[2] For details see Clerget, *op. cit.*, vol. ii, p. 158.

[3] 'In some processes . . . his output rivalled or even surpassed European standards', Butler, *op. cit.*, p. 5.

added the heavy loss of efficiency caused by undernourishment.

But this subjective factor is outweighed by objective ones; first, the enormous surplus rural population, resulting in a continual drift to the towns, the constitution of a large reserve of unemployed and the depression of industrial wages; secondly, and mainly as a consequence of the poverty of the workers, the large proportion of children employed (12 per cent of the total workers were children according to the Census, but women accounted for only 3 per cent of the total). The wages paid to children are pitiful—PT5 a week to PT2 or PT3 a day[1]—and depress those of adults. Thirdly, there is the very strong bargaining position of employers, owing to monopoly and combinations, and the weak position of the workmen, owing to the absence of strong trade unions; lastly, the fact that so much labour is recruited not directly by the employer but by intermediaries who skim a substantial proportion of wages.

(G) WORKING-CLASS ACTION

Since the beginning of this century, labour has been attempting to improve its lot. Unrepresented in Parliament and faced with an indifferent or hostile public opinion, the only course open was through strikes.

The movement has been handicapped by absence of homogeneity. On the one hand a large, perhaps the larger, part of labour still works in small craft workshops and cannot react in the same way as workers in big factories. On the other, the skilled upper stratum, the natural leaders of labour, consists to a large extent of foreigners, for whom it is not easy to co-operate with Egyptian workers. The effect of this should not, however, be exaggerated, as foreigners (mainly Levantines) have exerted an educative influence on Egyptian labour with which they have generally co-operated and which they have often led. Another handicap is the illiteracy of the workmen, which was estimated in 1911 at over 90 per cent[2] and has not been substantially reduced since.

The medieval guilds may be said to have been completely dissolved at the beginning of the British occupation. For some ten years no organization rose to take their place, but after 1890 unions began to be formed, mainly on the lines of friendly societies, among the better-paid workmen: for example those employed in the cigarette industry, transport, metallurgy, etc.

[1] Butler, *op. cit.*, p. 9.
[2] Vallet, *op. cit.*, p. 17.

The Nationalist Party helped certain unions, and its night schools contributed to educate the working class. A series of strikes, in which workmen of all nationalities took part, broke out in different industries, but generally speaking little success was achieved.[1]

The war of 1914–1918 with its rising cost of living stimulated the labour movement, but for some time the energies of labour were drained into the national movement. After this phase the struggle was resumed in the industrial field and although it was energetically dealt with by the Government some substantial gains were scored by the workmen.

With the improvement of conditions the movement remained quiescent until 1930. The slump caused much distress, which was used for political ends by the *Wafdist* Party and a Prince of the Royal Family. For the next six or seven years labour moved towards politics while trade unions increased in numbers and established closer contacts with each other. But the rivalry between the *Wafd* and the Prince did much harm to working-class unity; and many unions, and finally the Federation of Unions, closed down owing to internal dissensions and lack of funds. After 1937, however, the workmen began once more reconstituting their unions, this time without any help from politicians.

In 1936 there was a wave of stay-in strikes, conceivably influenced by events in France, in Alexandria, Cairo and Upper Egypt. In most cases the police were called in and blood was shed. No success seems to have been achieved by the workmen.

The year 1937 was a quiet year, but in 1938 there were some violent strikes, possibly due to the 25 per cent rise in wheat prices during that year as well as to the depressed condition of trade. One of these strikes, in a large provincial spinning and weaving shed, deserves special mention. Working hours in certain sections were reduced from twelve to eight, whereupon those who had not benefited complained repeatedly and, receiving no answer, decided to strike. Over 1,100 men occupied the factory and—a most unusual thing in Egyptian strikes—damaged the plant. The workers in the other sections showed hostility to the strikers. A large police force had to be used.

There were no further important strikes until 1942 when the rapidly mounting cost of living put workmen in a very difficult position. Once more strikers were drastically dealt with, many workmen being imprisoned, but the Government induced employers to raise wages.

[1] Clerget, *op. cit.*, vol. ii, pp. 162–4.

In the meantime the position of trade unions continued to be anomalous, for, although not recognized in law, they were tolerated, but kept under supervision. Lack of funds limited their activity mainly to passing resolutions. Thus in 1938 a Congress held in Alexandria, in which nearly forty unions were represented, demanded the passing of the draft laws regarding trade unions and social legislation.

In 1942 trade unions were legalized, after strong opposition from the Federation of Industries and fierce debates in Parliament which entailed a considerable modification of the original draft. State employees and agricultural workers are excluded from the provisions of this law, the latter because, according to the rapporteur who introduced the law, their inclusion would open the door to communism. Unions are forbidden to engage in political or religious activities.

The most serious defect of the law is a clause introduced during the debates forbidding the unions in certain branches of employment to intervene between employer and employee. This can be construed by ill-disposed courts in such a way as to nullify trade union action altogether.

Moreover, press reports suggest that employers are putting pressure on the unions to appoint as secretaries members of the management and are also taking advantage of the present supply difficulties to bully the unions.[1] Clearly the struggle of the workers to obtain recognition of their rights is far from ended. And unless the Government shows much more wisdom than in the past in its dealings with the working class there is a great danger of this struggle taking a violent form.

(H) SOCIAL LEGISLATION

The Government's attitude towards social legislation up to about 1930 is best indicated by the fact that the offices of the department dealing with labour questions were adjacent to those of the police.[2] In 1930, however, the Government very wisely decided to anticipate the expected results of industrialization by founding a Labour Bureau and in 1932 invited Mr. H. B. Butler, of the International Labour Office, to draw up a report on possible lines of social legislation. Since that date a few of his prudent and well-thought-out suggestions have been put into effect.

The law of 1933 prohibits the employment of children under 12, except in agriculture and domestic industries. Children above 9 years of age may however be employed in certain

[1] Debates in Chamber of Deputies, 12 January 1943.

[2] Clerget, *op. cit.*, vol. i, p. 152.

specified industries, provided hours of work, including schooling where supplied, do not exceed 7 hours a day. Juveniles under 15 must not work more than 9 hours, may not be put on night work and must have a weekly rest of 24 consecutive hours. Juveniles under 17 are excluded from certain dangerous or unhealthy industries.

In the same year, working hours for women were fixed at a maximum of 9 hours a day (except in agriculture and domestic industries), night work was prohibited, and a weekly rest enforced. Women were also excluded from certain dangerous and unhealthy industries.

In 1935 a nine-hour day was fixed for all workers in mining and certain other unhealthy industries.

In 1936 employers were made liable for compensation for accidents incurred by workmen on their premises, and in 1942 insurance against such accidents was made compulsory.

Furthermore, an extensive programme involving old age pensions, public baths, workmen's houses, sports clubs, reduced railway fares, etc., has been announced. So far, however, little has been done to implement it.

The most important reforms awaiting realization are undoubtedly the granting of weekly and annual holidays, the raising of the minimum age at which children may be employed, the tightening of health regulations and extension of medical facilities in factories, the regulation of collective wage contracts, and the institution of labour exchanges which will free workmen from the grip of gang leaders and other intermediaries. When this has been done, and the existing legislation—at present ineffective—is properly enforced, it will be possible to envisage further social legislation.[1] At the moment, with a strong monopoly of employers, a superabundant supply of labour and an extremely rudimentary working-class organization, it would be chimerical to expect a more developed legislation.

[1] An attempt should also be made to reserve certain zones for industry. At present there is no legislation regulating industrial location and the result is extremely unhealthy and chaotic.

Chapter Seven

TRANSPORT

'I have seen old ships sail, like swans asleep.'—Flecker

'I'll put a girdle round about the earth
In forty minutes.'—Midsummer Night's Dream

THE structure of transport in Egypt offers few points of interest and does not require extensive discussion. Transport problems are much the same as those of other countries and the remedies proposed and adopted differ only in so far as railways in Egypt, being mainly State-owned and managed, are in a much stronger position against road and river competition, which they have fought by legislative and administrative as well as by economic action.

(A) RAILWAYS

Egypt was one of the first countries to lay down a railway,[1] and to-day it still has one of the most complete networks, with a total length of 5,000 kilometres, of which 3,600 belong to the State. This works out at 14.3 kilometres of railway for every 100 square kilometres of inhabited area, a figure inferior to that of Belgium, Britain, and Germany, but almost equal to that of France, and well above that of Italy, Japan and Greece.[2] Expressed in terms of population, the comparison is much less favourable to Egypt, which has only 3.1 kilometres of line per 10,000 inhabitants, against 14.5 for Belgium, 13.7 for France and 6.3 for Greece. The fact, however, that in 1937 the total number of passengers carried on the main lines divided by the length of line (in kilometres) gave a quotient of only 10,000, against 30,000 in Britain and Germany, shows that the Egyptian population is amply provided with railway facilities.[3] Similarly, the fact that the figure of ton-kilometres carried per kilometre of line was only 500,000, compared with 1,170,000 in

[1] See *Chapter Two*, Section *A*.

[2] J. Cattaui, *L'Egypte—Aperçu Historique et Géographique*, p. 313. (Cairo, 1926.)

[3] As the average length of journey is not ascertainable these figures are incomplete. There is no reason, however, to believe that in a compact country like Egypt journeys are, on the average, longer than in other countries.

Germany, 830,000 in Britain, 810,000 in France, 500,000 in Canada, 210,000 in Sweden, and 130,000[1] in Australia, shows that facilities for the transport of goods are fully adequate.

As regards transport the country naturally divides itself into two zones: Upper Egypt, and the Delta and Fayyum. It is doubtful whether any region in the world is better provided with railways than Upper Egypt. With a maximum breadth of 15 kilometres, which in some places narrows to little over 1 kilometre, the Nile Valley south of Cairo bears a double-track line as far as Aswan. Fayyum is served by a branch line supplemented by the network of the Fayyum Light Railways Company (150 kilometres) centred on the town of Fayyum. The towns of the Delta and Canal Zone are connected with Cairo, while the Egyptian Delta Light Railways (1,000 kilometres) and S.A. des Chemins de Fer de la Basse Egypte (250 kilometres) provide slow cross-country transport. The only serious defect is the lack of direct communications between Port Said and Alexandria, or of swift connexions between the main lines serving those two ports, and the absence of adequate facilities in the north of the Delta.

The capital value of the State Railways is estimated at £E36,000,000. Rates were doubled during the firt world war but fell back to their old level by successive steps after 1922 in response to the general fall in prices and, after 1930, in order to meet motor competition. The railway tariff has, moreover, been adjusted so as to encourage exports—for example cotton and onions—and local industry and agriculture; thus imported raw materials and fertilizers are carried at reduced rates.[2]

Comparison with European countries (treating Egyptian second class as equivalent to British third and Continental second) is on the whole favourable to Egypt, which is not surprising in view of the low level of wages and the flatness of the country.

The fall in revenue in recent years to the neighbourhood of £E5,000,000 has raised the ratio of expenses to receipts from 57 per cent in 1928 to 76 per cent in 1936, a figure equal to that met with in other countries.

(B) RIVER NAVIGATION

The navigable waterways of Egypt, including canals, total 3,000 kilometres. The bulk of tonnage is provided by 10,000

[1] Colin Clark, *Critique of Russian Statistics*, p. 66.

[2] Hussein Fahmy, *An Inquiry into the Present Position of the Egyptian State Railways*, p. 65. (Cairo, 1931.)

sailing-boats of 5 to 30 tons, aggregating some 200,000 tons, but there is also a small fleet of 400 steam craft and barges with a larger total displacement of 70,000 tons.

The configuration of Egypt is such that most waterways run parallel to railways, bringing the two into inevitable competition. Moreover, the canals of Lower Egypt are designed primarily for irrigation, not navigation. Hence it is not surprising that water transport should have been systematically neglected. Tow-paths are inadequate and uneven, certain parts of the Nile in Upper Egypt are blocked by sandbanks; locks and bridges hold up traffic for hours. On the canals and Nile branches joining Cairo and Alexandria, which represent the country's main waterway, these considerations, and the exigencies of irrigation, form a particularly serious hindrance which could be overcome at a relatively low cost.[1]

(c) ROAD TRANSPORT

Egypt's roads are the weakest point in her transport system. The total length does not exceed 9,000 kilometres and the quality is almost uniformly poor, though considerable improvements have been effected in the last twenty years. The number of vehicles has increased rapidly from about 4,000 in 1920 to 34,000 in 1939, the rate of increase being particularly great in motor-buses and lorries. But Egypt has still only one car for every 500 inhabitants, a proportion 100 times smaller than that in the United States, and 25 times smaller than that in Britain.

As with canals, the greater part of the network of roads (7,000 out of the 9,000 kilometres) runs parallel to the railways, thus causing further overlapping in transport facilities.

It only remains to add that during the last few years the sums collected by the Government out of taxes on motor-cars, spare parts and petrol have been practically equal to those spent on the construction and upkeep of roads and bridges.

(d) AIR TRANSPORT

Internal air transport is still in its infancy. Egypt's constant weather and clear atmosphere provide ideal flying conditions, but the compactness of the Delta and the short distances between the main cities remove one of the chief advantages of flying, speed. In Upper Egypt, however, air transport results in a considerable saving of time and seems likely to develop. In 1939, 18,000 passengers and 250,000 kilograms of merchan-

[1] See report presented to the Egyptian Government by Mr. Achman Reed and article by Mr. Cramer Roberts in *L'Egypte Industrielle*, 1 June 1938.

dise were flown by the subsidized Misr Airworks and a 98 per cent regularity of service was achieved.

(E) COMPETITION AND CO-ORDINATION

Like most countries Egypt has been the scene of fierce competition between road, rail and river during the last twenty years. In spite of the difficulties mentioned above, an increasing proportion of heavy traffic is being sent by water. In 1930–1931 1,323,000 tons were carried by water, against 4,959,000 by rail; by 1936–1937 the figures were 1,873,000 against 5,877,000.[1] Detailed statistics are lacking except for cotton where it appears that in recent years 75–80 per cent of the crop of Upper Egypt was sent to Alexandria by water as well as nearly 10 per cent of that of Lower Egypt, where the main (east–west) direction of traffic cuts across the river branches and canals. The navigation companies have however only succeeded in attracting traffic by cutting down their profits to a very narrow margin.

Motor transport has not so far succeeded in diverting a large amount of goods traffic from the railways, judging from cotton where the proportion of road to rail-borne quantities is only 10–12 per cent. Passenger traffic is, however, being increasingly attracted to motor buses and cross-country cabs. This trend first manifested itself during the boom years of 1925–1930, when the number of passenger journeys on the State Railways fell from 31,700,000 to 26,900,000.

The private railways responded to these forms of competition by cutting down their rates and have thus succeeded in increasing their passenger traffic but not in arresting the decline in goods traffic. At the same time they have been authorized to run omnibuses, but the profits from that source have only partly offset the general losses and their financial situation remains very poor.

The State Railways have also cut down rates, improved their service, acquired lorries for door-to-door traffic and introduced diesel cars instead of trains on certain lines. In 1938 they came to an agreement with the navigation companies regarding the transport of the 1938–1939 cotton crop. They have also acquired a controlling interest in several motor-bus lines and have never failed to use their influence to discourage road competition. It is significant that the Consultative Transport Committee formed in 1939 should have contained no representatives of navigation companies, road carriers or even private

[1] A. A. K. el Gammal, *A Modern Transport Problem, Rail versus Road*, p. 183. (Cairo, 1939.)

railways. It is also striking that between 1930 and 1939 the number of licensed lorries declined from 3,900 to 2,900, though this was offset by an increase in loading capacity.

In Egypt the solution of the problem of co-ordination is rendered particularly difficult by two considerations: that the railways are mainly State-owned, so that losses will have to be borne by the mass of taxpayers, and not by a few shareholders; and that, as has been mentioned, most roads and waterways run parallel to the railway and hence cannot be made to serve as feeders. The choice, therefore, seems to be mainly between maintaining the monopoly profits of the railways by stifling all rivals and allowing unrestricted competition, which will certainly bring down rates but will result in a wasteful duplication of services.

A solution may be suggested on the following lines:

(*a*) The improvement of roads and canals, covering part of the cost, if necessary, by increased taxes on owners of cars and boats.

(*b*) The subjection of road carriers to stricter regulations as regards third-party assurance, load-capacity, fitness, etc.

(*c*) In Upper Egypt the number of road carriers should be greatly reduced and their itineraries modified so as to run at right angles to the railway, serving it as feeders. The presence of river competition ensures that the railways will not behave as monopolists. The fact that towns in Upper Egypt are relatively far apart indicates this region as the natural sphere for railways, but some villages may be better served by omnibuses.

(*d*) In Lower Egypt and the Fayyum there is much more scope for road carriers. Here too, however, routes should be definitely laid down as part of a comprehensive plan which should include the closing down of many minor lines and stations.

(*e*) Finally, every effort should be made to reduce costs of operation. At the present time coal accounts for about 12 per cent of total expenses, including overheads, and it would seem as though the use of heavy oils such as mazout, of which Egypt produces large quantities, might considerably reduce costs. A step in the right direction has been taken, under the pressure of war necessities, by the conversion to mazout of over 200 of the State locomotives. Should the Aswan Dam electrification scheme ever be realized[1], there may be much scope for electrification of railways, at least in Upper Egypt.

[1] See *Chapter Six*, Section *B*.

(F) EXTERNAL COMMUNICATIONS

Surrounded on three sides by wide stretches of desert, which lead to the relatively poor countries of Palestine, Cyrenaica and the Sudan, Egypt has since the earliest antiquity relied mainly on shipping for her contacts with the outside world. War exigencies have, however, spanned the surrounding deserts. During the first world war the Egyptian railways were connected with those of Palestine and in 1942 military considerations led to the laying down of a bridge across the Suez Canal, avoiding the ferry at Kantara, and the connexion of the Palestinian to the Turkish railways along the Lebanese coast.

To the west the strategic desert railway, originally a light line laid down by the Khedive Abbas II but reinforced during the last few years, has been extended beyond Mersa Matruh and now reaches Tobruk, where it joins the excellent trunk-road through Cyrenaica and Tripolitania.

To the south, a desert road now connects Aswan with Wadi Halfa, bridging the gap which separated the Egyptian and Sudan Railways and considerably shortening the journey between Cairo and Khartoum. It is probable that this road, together with the development of air transport, will obviate the necessity for a railway between Aswan and Wadi Halfa.

However, the mass of passengers and goods still enters and leaves Egypt by sea. In 1938 the number of ships calling at Egyptian ports was 9,974, with an aggregate displacement of 35,400,000 tons. Goods landed totalled 6,325,000 tons and goods shipped 3,154,000. This discrepancy is normal in view of the light weight of cotton, which forms the bulk of exports, relatively to coal, metals and other articles of import. Consequently ships are compelled to leave Egyptian ports in ballast or, more often, loaded well below capacity. This fact may mean that such ores as may in future be mined in Egypt (for example iron) will enjoy the benefit of cheap freight to foreign lands.

Alexandria still accounts for the bulk of exports and 75 per cent of imports, receiving, in 1938, 2,452 ships with a displacement of 5,600,000 tons. Port Said owes its importance almost wholly to the Suez Canal. Of the 4,055 ships (aggregate tonnage 17,600,000) calling at the port in 1938 no less than 90 per cent passed through the Suez Canal. The same is true, to an even greater degree, of Suez. It is worth mentioning that Port Said is one of the main fuelling stations on the Europe–Asia line, supplying both coal (imported mainly from Britain) and oil (from Iran, the Soviet Union and Rumania).[1] The

[1] Hassan Hussein Issa, *Les courants économiques comparés du Canal de Suez et du Canal de Panama*, pp. 109–11. (Geneva, 1938.)

development of Egyptian oil-wells will undoubtedly increase the importance of the port of Suez, once the necessary improvements have been made.

The Suez Canal hardly deserves mention in a chapter concerned with Egyptian economics, since its impact on the life of the country is very slight. A few thousands of employees and navvies serve in the docks of Port Said and Suez. A few shop- and hotel-keepers benefit from the quick trippers landing at the ports or cutting across to Cairo for a night. The Government collects a handsome tax from the Canal Company. But the bulk of the dues collected by the Canal Company—1,784,000,000 gold francs in 1938—is lost to Egypt, as very few of the Company's shares or bonds are held by residents.

Shipping movements in the small ports may be briefly touched upon. The military ports of Mersa Matruh, Sidi Barrani and Sollum were served in pre-war days exclusively by Egyptian ships. The old harbours of Rosetta and Damietta do not take steamers but still maintain a brisk trade with Syria and Turkey by means of sailing-ships, mostly Egyptian. The Red Sea ports of Tor, Abu Zenima, Quseir, Ghardaqa (Hurghada) and Safaga are served by British, Italian and Egyptian ships, which carry away the manganese, phosphates and oils mined nearby.

In 1942 Safaga was connected by rail and road to the main line of Upper Egypt, with a view to easing the pressure on Suez. It is unlikely to retain its importance now the war is over, except perhaps for the pilgrim traffic between Upper Egypt and Jeddah.

Nearly half the ships calling at Egyptian ports before 1939 were British, with Italy as a poor second (though the number of Italian ships entering Alexandria was only just below that of the British), followed by France, Holland and Germany. In recent years Egypt has acquired a fleet of some 160,000 tons, consisting of ships ranging between 3,000 and 15,000 tons. The Government subsidizes the main lines on quantities of goods not exceeding 500,000 tons carried by them.[1] The aggregate pre-war subsidy was £E100,000 per annum.

Air communications have greatly developed during the last few years. British, Dutch, Italian and French lines had regular services passing through Egypt, to East and South Africa, India and the Far East, carrying several thousand passengers as well as merchandise and mails. Moreover, an Egyptian company has regular services to Iraq, Syria, Palestine and Cyprus. Egypt's geographical position and the excellence of her climate promise a great development of aviation after the war.

[1] Notes of Minister of Finance to Council of Ministers, 6 July 1938.

Chapter Eight

COMMERCE

'Some men of noble stock were made; some take delight in murder trade;
Some praise a Science or an Art; but I like honourable trade.
Go sell the rotten, buy the ripe; their heads are weak, their pockets burn.'—Flecker

(A) INTERNAL TRADE

THERE is no detailed account of the structure of Egyptian commerce, and statistics of internal trade are almost wholly lacking. Hence the following outline cannot attempt to determine quantitative relations and must confine itself to the main markets: cotton, grain and import goods.

Cotton[1]

In the United States the farmer attends to the marketing of his cotton crop. In Egypt his task usually ends with picking, in July or August. The purpose of this section is to indicate the main stages through which cotton passes on its way to the ginnery, where it is ginned and pressed under hydraulic pressure, and thence to Alexandria where it is steam-pressed, mixed into suitable types and shipped abroad.

The crop may be handled by some or all of the following: village broker, village merchant, banker or spot commission agent in Minet el Bassal (Alexandria spot market), broker at Minet el Bassal, exporter. The tendency is naturally to eliminate all superfluous intermediaries, hence we see Alexandria exporters (big business houses with agents abroad) buying direct from growers, village merchants opening offices at Minet el Bassal, and large growers sending their cotton straight to a bank or agent in Alexandria. The only available estimates, which are approximate, put the proportion of the crop handled by village merchants at 55 per cent before 1914, 20 per cent during the nineteen-twenties, and 40 per cent since the 1931 slump.[2] The fact that Egyptian cotton is a high-quality and

[1] Much of the material of this section has been obtained from an unpublished thesis by Mr. E. Hallett.

[2] Emin Yehia Pasha, 'Eliminating the Middleman', *Manchster Guardian*, 'Commercial Supplement on Egypt', 11 January 1935.

very diversified product makes it necessary to have a complex marketing organization, including many technical and financial specialists.

It is now possible to examine the process in greater detail. Large growers often consign their cotton to the ginning factory and sometimes even see it through to Alexandria. Small growers, on the other hand, either sell it to the village merchant or carry it to the local *halaqa* (market) where it is sold by auction to brokers who in their turn dispose of it to merchants or exporters with up-country agencies. The cotton is then ginned, pressed and dispatched to Minet el Bassal, usually after it has been pledged against an advance with a bank.

The Minet el Bassal spot market brings together sellers (banks which are often charged by clients with the sale of cotton or which desire to dispose of pledged cotton, and merchants)[1] on the one hand and buyers (exporters) on the other. Business is transacted through spot brokers, whose elected committee is charged with the determination of standard types and the fixing of price differences between grades and varieties tendered in fulfilment of contracts. The basic pre-war contract varieties were Sakel, Giza 7, Uppers, and the basic grade Fully Good Fair, other specified varieties and grades being tenderable at stipulated differences. It only remains to say that the spot market is sometimes by-passed by merchants who sell to exporters cotton 'free on rail Alexandria'.

It is not possible to enter into a detailed account of the futures market. Its function is to enable all non-speculative buyers or sellers of cotton in advance—growers, merchants, exporters, spinners—to hedge against price fluctuations. For this purpose futures contracts, with five maturity dates in the case of Sakel and Giza and six maturity dates for Uppers, are provided and, normally, there is a fairly constant relation between spot prices and 'near month' (i.e. maturing) contracts. Hence, for example, an exporter who has bought in July cotton which will not be delivered in Alexandria till October can cover himself by selling an October future. For, if in the meantime the price of spot cotton falls, the fluctuation will be accompanied by an offsetting fall in his contract. Conversely, the merchant who sold that cotton to the exporter in advance can cover himself by buying an October contract.

Had all cotton been of uniform variety and grade such hedges would have provided an almost perfect insurance. As

[1] In 1931–1932 some 70–80 per cent of the cotton exported was bought from merchants at Minet el Bassal. (*Egyptian Cotton Year Book*, 1931–1932, p. 139.)

it is, however, the relative value of different varieties tenderable against the same contract may change (this led to the institution of a separate Giza 7 contract in 1937, before which date that very rapidly expanding variety had been tenderable against Sakel); or the difference between the basic (Fully Good Fair) and other grades may vary; or finally, the normal relationship between spot and contract prices may be disturbed. In all such cases hedges do not insure against price fluctuations.

The relationships between near and far months and between spot and contract prices offer interesting material for analysis. Here, however, it is possible only to mention one aspect of price fluctuations: the seasonal movement of futures prices. Mr. Hallett has shown that 'near months' contract prices are regularly below their trend between August and December, with a minimum in October. As this is the time when arrivals in Alexandria are heaviest and as some of the crop is sold without hedging, this fall could be dismissed as a normal seasonal drop, were it not for one very important fact connected with the mode of sale by the grower which has not been mentioned and to which we must now turn.

Of the many methods used for price-fixing between growers and brokers or merchants, the commonest are sales at a fixed price, and 'on call' sales. The first needs no comment. The second is an arrangement by which the relation between the price of the cotton and that of a stipulated contract is fixed beforehand, but the seller retains the option, up to a given date, of fixing the day whose contract price will serve as basis. If such sales were hedged by a purchase of futures no harm could ensue, but, as few growers hedge, 'on call' sales tend to encourage speculation and accentuate the seasonal drop. For the seller, seeing prices sag in the autumn and hoping for a rise, tends to hold his option until the last possible moment and is thus forced to fix at a low price.[1]

This phenomenon probably lies at the bottom of the complaints of growers, repeated every season, that prices are manipulated by speculators, and helps to bring it about that in Egypt as in America—and excepting landlords, who always manage to cash their rents—'many fortunes are made in cotton but not by those who grow it'.

Grain

Next in importance to cotton comes the trade in cereals. The links in the chain joining the grower to the consumer are village dealers, large city traders, mills and bakeries.

[1] See Zannis, *op. cit.*, p. 28.

The normal procedure is for the grower to sell his crop to the village trader who sometimes deposits it in a bank *shoonah* (open store). The grain is then either sold to the village agent of one of the big city traders or sent by boat to the riverside markets of Cairo (Rod el Farag and Atar el Nabi) or Alexandria, where it is bought by a city trader. Large growers, however, often short-circuit the village trader, depositing their crop in a bank *shoonah* and selling it directly to a city trader either through his village agent or in Cairo or Alexandria. Similarly, mills often buy their requirements direct from up country.

Up to this stage transactions are concluded on a cash basis. In sales by merchants to mills and subsequent sales of flour by mills to bakeries, however, credit is usually allowed. The banks' part in financing the movement of the crop usually ends with its delivery to the mills.

Of all Egyptian cereals, rice is the only one usually exported. The bulk of the rice crop is grown in the north of the Delta. Decortication takes place at Alexandria, Rosetta, Damietta and Mansura. Exports are in the form of 'paddy' (i.e. undecorticated rice), or 'cargo' (decorticated but not bleached rice). For the home market, however, further processes involving bleaching (i.e. the removal of the light inner husk) and glazing have to be carried out.

The cereals market is still extremely primitive and has received very little attention from the Government. The absence of silos (the first of its kind was recently completed at Facus) and the storage of cereals in open *shoonahs* involves a loss of over 10 per cent of the grain crop through deterioration. A few years ago foreign technicians submitted to the Government a scheme for the setting up of a whole chain of silos, but received no encouragement.

Another great defect is the looseness of government control and hence the wide variations in grading and purity. Until stricter control is introduced no standardization is possible.

But even stranger is the absence of standardization in weights and measures. The unit used, the ardeb, which goes back to the Pharaohs, is a unit of volume, not weight. Growers and village dealers usually measure their grain, hence the weight of an ardeb varies from year to year. Nor does the matter end here. In the villages an ardeb contains 13 kelas, in Cairo and Alexandria 12, while for many traders an ardeb is regarded as the equivalent of 150 kilograms. Finally, it may be mentioned that the ardeb of undecorticated rice, which equals about 300 kilograms in the Delta, equals only 120 kilograms in Fayyum. It is unnecessary to emphasize the confusion caused by these anomalies.

Textiles

Textiles still constitute Egypt's main article of import and the cotton goods market is the most interesting of those for imported goods. Procedure differs according as the goods are British, Continental, or Japanese.

British.—Textiles are imported by long-established firms with agents in Manchester. Alexandria is the import centre for the Northern Delta, Cairo for the rest of Egypt. Importers dispose of their goods to the village and city retailers through their travelling agents. Most of the business is transacted on a credit basis, by means of bills.

Continental.—The procedure differed only in that the European factories (Italian, French, Czech) had local agents who took orders from importers.

Japanese.—The import of Japanese goods at first took place through agents in Japan of local importers. Later, however, Japanese exporters kept agents in Alexandria who both disposed of their textiles and purchased their requirements of Egyptian cotton.

The chief characteristic of transactions with Japan was that they were always on a cash basis. This eliminated possibilities of bad debts and bankruptcies, a very serious matter in Egyptian trade, and reduced the price accordingly. Other factors making for Japanese success, apart from cheapness, were their highly standardized packing, the small size of their bales (which considerably facilitated resale by importers), and generally their greater adaptability to local requirements.

Other Import Markets

Little need be said regarding other articles of import. Importers of colonial articles (tea, coffee, spices) sell their goods to city and village retailers through travelling agents. As regards 'heavy' articles of import (coal, iron, wood), village dealers usually come up to Cairo for their requirements. Credit is extensively allowed.

The Structure of Commerce

Although the cities and provincial towns are plentifully provided with department stores, which bear comparison with those of Europe, there have been few attempts to set up chain-stores covering different quarters or towns. The main exceptions are certain department stores, which have branches in the villages,[1] and a chain of chemist shops established in different parts of Cairo. At one time there was a chain of cigarette and

tobacco shops, but this proved unsuccessful. The unit remains small and very diversified in its activities. Branches of foreign stores do not seem to have met the country's needs and have had to close down.

The function of village general stores has been touched upon. In addition there are periodical fairs, often connected with religious festivities, at which much exchange of goods takes place. Finally, mention should be made of weekly market days in the provincial towns and larger villages, on which peasants dispose of their dairy and other produce.[1]

Commercial legislation is still embryonic. The issuing of cheques without provision was made an offence only in 1937. Regulations concerning bankruptcy are extremely unsatisfactory for both debtors and creditors. Commercial morality is very low, as is perhaps inevitable in such a mixed community. No opprobrium is attached to bankruptcy and bills are dishonoured with the greatest equanimity.

A commercial register has been instituted for purposes of record. Chambers of Commerce have also been founded in the principal towns for the purpose of collecting statistics and advising the Government on matters concerning trade and industry. Membership is obligatory.

The Industrial and Commercial Census of 1937 makes it possible to supplement these statements with some statistics; but great caution must be exercised in interpreting them, as there is no reason to believe that the tables dealing with commerce are more comprehensive than those dealing with industry.

In 1937 there were 139,000 establishments, of which 20 per cent were in Cairo and 12 per cent in Alexandria. Their small size and backward stage may be illustrated by two sets of figures: firstly, 74 per cent employed no labour, and only 3 per cent (three-quarters of which were in the Governorates)[2] employed over 5 persons; secondly, only 2.4 per cent had a capital exceeding £E1,000, and only 0.5 per cent a capital exceeding £E10,000.

As regards working hours, 9 per cent reported less than 49 hours per week, 32 per cent reported 50–79 hours and 38 per cent over 80 hours, while no less than 54 per cent reported no weekly holiday. But since the bulk of establishments employ no labour these figures throw no light on labour conditions, and in fact commercial employees in Egypt are well treated by comparison with industrial workers.

[1] For a description see Winifred Blackman, *The Fellaheen of Upper Egypt*, pp. 164–8 (London, 1927); Ayrout, *op. cit.*, pp. 104–6.

[2] i.e. to all intents and purposes, Cairo, Alexandria, Port Said and Suez.

One last word remains to be said regarding the trading community. The Census shows that 95 per cent of establishments were owned by Egyptians, but this figure is completely misleading unless it is borne in mind that four-fifths of the foreign establishments were in the Governorates, which, as stated above, included three-quarters of the bigger establishments, and that many Levantine merchants are of Egyptian nationality. A survey of the different branches mentioned above shows that, with the exception of three very large firms, cotton export trade is monopolized by foreigners, mainly British, Jews and Greeks. The grain trade is almost wholly in Egyptian hands; so is village trade, except for the ubiquitous Greek *baqqal* (grocer and general storekeeper). Department stores and, more generally, city shops catering for the well-to-do are run by Levantines, chiefly Jews. Import business also comes mainly through Levantines, who find it easier to establish contacts with foreign countries than do Egyptians.

One of the outstanding traits of the Egyptians throughout their long history is their aversion to commerce. In late Pharaonic and Graeco-Roman times Egyptian trade rested mainly in the hands of Greeks and Syrians. In the Middle Ages it was always Europeans who came to Egypt for trade, never Egyptians who took the first step. But no trait of national character is eternal. After all, nineteen hundred years ago, Josephus said of the Jews 'We are not a commercial people'. Egyptians are realizing that good profits are to be made in trade, taking a keener interest in it and acquiring the ability which will eventually enable them to dispense with foreigners.

(B) FOREIGN TRADE

Cotton and Foreign Trade

Egyptian economics have almost always been studied for the benefit of business men. Hence it is not surprising that, together with cotton, foreign trade should have secured more attention than any other sector of the national economy and that, of all Egyptian statistics, those concerning cotton and foreign trade should be the only ones comparable with the statistics of Europe and America.

But even this duality—cotton and foreign trade—is in reality a unity. For cotton is valued solely for export purposes, well over 90 per cent being normally sent abroad. And the whole of Egypt's foreign trade is bound up with cotton. When average cotton prices were $20–40 per cantar, between 1921 and 1929, imports stood at £E45,000,000–55,000,000. When,

after 1930, prices sagged to $10–13, imports went down to £E25,000,000–£E35,000,000.

But the relation between exports (i.e. for practical purposes the value of the cotton crop) and imports is even closer than the above would suggest. Between 1900 and 1938 rises or falls in exports were followed by rises or falls in imports during the following year in 31 years and by divergent movements in only 7 years. Particularly striking are the 1919–1920 boom and the great slump. During the former, exports shot up from £E45,000,000 in 1918 to £E76,000,000 in 1919; imports thereupon rose from £E47,000,000 in 1919 to £E102,000,000 in 1920. Between 1920 and 1921, however, exports fell by £E49,000,000, whereupon imports declined during the following year by £E56,000,000. During the slump, exports fell by £E20,000,000 between 1929 and 1930; the following year imports declined by £E16,000,000.

The explanation of these rapid fluctuations in export values is probably, as Professor Bresciani-Turroni pointed out,[1] that, although foreign demand for Egyptian cotton is elastic, the demand *curve* is continually moving downwards or upwards. The rapid adjustments of imports to exports are due to the fact that the former consist largely of durable goods or semi-necessities and luxuries, the purchase of which can be postponed.

Imports and National Income

Imports, at an average figure of £E35,000,000, represented some 16 per cent of Egypt's national income. In an interesting article on 'National and Regional Self-Sufficiency' in the *Bulletin of International News* of 19 April 1941, comparable figures were given for many countries. Comparison is somewhat vitiated by the fact that the *Bulletin's* figures refer to 1929, when international trade was everywhere more important relatively to national production than in 1938. Nevertheless, the error involved is not likely greatly to affect the general conclusions.

Four main groups are distinguishable in the table. First came very small and wealthy countries: Belgium, Norway, South Africa, Denmark, Netherlands, etc., where the ratio of retained merchandise imports to net national income was between 42 and 49 per cent. Then came the medium-sized wealthy countries: United Kingdom, Germany, France, Italy, etc., with ratios of 18 to 25 per cent. Third were such medium-

[1] 'Some Considerations on Egypt's Monetary System', in *Al Qanoun wal Iqtisad* (Cairo), 1934; also 'Egypt's Balance of Trade', in *Journal of Political Economy*, June 1934.

sized or smallish poor countries as Poland, Rumania, Portugal, Hungary, Greece and Yugoslavia, where the ratios varied between 10 and 19 per cent. Finally, came such large areas as the Soviet Union, China, India and the United States, where the ratio was only 3 to 7 per cent. It is evident that Egypt falls in the third category.

Main Items of Export and Import

But no bare percentage can show the part played by foreign trade unless accompanied by an analysis of exports and imports.

The main articles of export during the two pre-war years were:

TABLE XXV

MAIN ARTICLES OF EXPORT

(In £E000's)

	1937	*1938*
Cotton	29,002	21,190
Cotton-seed	1,850	1,590
Cotton-seed oil	889	914
Cotton-seed cake	300	203
	32,041	23,897
Onions	645	929
Rice	1,346	684
Eggs	117	78
Skins and hides	360	214
Raw wool	181	97
Phosphates	503	452
Ores (manganese)	155	52
Mineral oils	656	617
Cigarettes	1,518	1,327
Other	2,237	1,095
Total (including specie)	39,759	29,442

The general structure of exports is very simple. Cotton and its by-products form about 80 per cent of the total. Then comes a group of foodstuffs and agricultural raw materials, followed by a group of minerals. The only manufacture worthy of attention is cigarettes.

In the main, Egypt cannot be said to export articles which,

in her present stage of development, she could have more advantageously consumed at home. The outstanding exception is foodstuffs: rice, eggs, fruit, wheat and maize, all of which could have been much more usefully retained. As regards cereals, the figures given in *Chapter Five*, Section *H*, render comment unnecessary. But the same is true of the 50,000,000 eggs exported annually, the retention of which would have helped to meet the protein deficiency in the meatless diet of the mass, as also of the small quantities of subsidized citrus fruits, vegetables, etc.[1]

Imports are more diversified; the main groups were:

TABLE XXVI

MAIN ARTICLES OF IMPORT
(In £E000's)

	1937	*1938*
Textiles	8,825	7,038
Fertilizers and chemicals	5,134	4,830
Minerals and fuels	4,676	4,583
Machines and vehicles	4,590	5,185
Metals and manufactures	3,874	3,838
Wood and paper manufactures	2,883	2,767
Other	7,218	7,959
Totals	37,200	36,200

Egypt's requirements are evident enough. First come manufactures, chiefly textiles and machines; then coal, oil, metals, wood and other industrial raw materials; then fertilizers; finally, tea, coffee, fruit and other foodstuffs which cannot be obtained locally. The trend of import trade since the introduction of a protective tariff in 1930 has been to shut out foodstuffs and to substitute industrial raw materials for finished goods.

TABLE XXVII

GROUPS OF IMPORTS
(In £E000's)

	1913	%	*1928*	%	*1935*	%
Livestock	476	2	618	1	215	1
Foodstuffs	6,509	23	9,186	18	3,620	11
Raw materials	6,905	25	10,832	22	9,592	30
Finished goods	13,937	50	30,237	58	18,784	58

[1] Between 1933 and 1937 the average annual government subsidy to citrus exporters was £E40,000.

A question which has rarely been asked, and which is very hard to answer, is the relative importance of luxury goods in import trade. No complete enumeration is possible, in view of the difficulty of drawing the line between necessities and luxuries, but the following figures are suggestive.

TABLE XXVIII

LUXURY IMPORTS

(In £E000's)

	1937	*1938*
Alcoholic drinks[1]	450	400
Silks	1,334	1,018
Radio sets	125	110
Motor-cars (excluding lorries and buses)	732	673
Fruit (apples, pears, grapes)[1]	169	202

Thus it will be seen that, just as Egypt exports (in some cases thanks to an export subsidy) certain articles of popular consumption which would be more useful at home, so she imports many luxury articles with which she could well have dispensed. This is quite natural in a profit economy based on an unequal distribution of wealth, but it is indefensible on the plane of economic welfare.

Terms of Trade

No attempt has been made to trace statistically the changes in Egypt's terms of trade. Owing to the changes in Customs classification since the 1930 tariff it is unsafe to go beyond that date. The following table shows, however, on the one hand an index of average cotton export prices (cotton lint representing about 70 per cent of exports) and on the other a weighted index of the average amount of some articles of import bought by a unit of cotton. These articles are cotton piece goods, coal, wood, nitrates, kerosene, tobacco, woollens, tea and iron, and they cover between them about one-third of Egypt's imports.

It will be seen that the 8 per cent fall in import prices over the period was more than offset by a decline of 33 per cent in cotton prices, so that there was a distinct worsening in Egypt's terms of trade. It is interesting to notice that in the early years of the slump the fall in cotton prices was much larger than the decline in the purchasing power over other commodities and that in 1935 and 1936 Egypt's terms of trade were actually more favourable than in 1930. The large cotton crop of 1937–1938, however, coupled with the effects of the rearma-

[1] Fruit and drinks are included because they are consumed mainly by the rich.

ment boom on such imports as iron, wood, coal and kerosene, produced a sharp deterioration in the terms of trade.

TABLE XXIX

TERMS OF TRADE, 1930–1938
(1934 = 100)

Year	*Index of average export price of cotton*	*Weighted index of amount purchased by 1 unit of cotton*
1930	138	102
1931	92	81
1932	92	87
1933	94	93
1934	100	100
1935	107	111
1936	111	109
1937	113	90
1938	92	75

The only means of obtaining a long-term view of the trend is to compare an index of Egyptian cotton prices with indices of general wholesale prices. The required figures can be obtained from M. El-Darwish's paper on *A new series of index numbers of wholesale prices in Egypt, 1899–1929*,[1] which are particularly suitable in that their primary data were obtained from foreign trade returns. The *Economist* wholesale index, converted to a 1913 basis, has also been shown for purposes of comparison.

TABLE XXX

TERMS OF TRADE, 1899–1929
(1913 = 100)

Year	*Index of price of cotton*	*Egyptian wholesale prices*	*'Economist' index of wholesale prices*
1899	53	61	81
1910	110	83	100
1913	100	100	100
1921	162	180	182
1925	220	151	161
1929	148	122	133

The terms of trade moved sharply in Egypt's favour up to 1910. Between 1910 and 1921 they moved against her, slightly up to the war and sharply after the outbreak of war; between

[1] Cotton Bureau Technical Bulletin No. 2. (Cairo, 1930.)

1921 and 1925 the trend was once more in her favour, but after that a contrary movement set in, accentuated, as has been shown, during the slump.

Distribution between Countries

The section may be concluded with an analysis of the distribution of foreign trade between countries.

The United Kingdom is still by far the largest buyer of Egyptian goods, though her share has steadily fallen from over 50 per cent before the first world war to about 35 per cent (£E11,000,000–14,000,000) in the years 1933 to 1938. Other parts of the British Empire, notably India, absorbed another £E1,500,000–£E2,000,000, bringing the Empire's share to 40 per cent of Egypt's export trade.

Up to 1937 France retained her position as Egypt's second most important customer. Her takings however showed a tendency to fall, both absolutely and relatively, and in the immediate pre-war period accounted for about 10 per cent of the total.

Before the slump the United States closely followed France but the protective measures of the last few years before the war drastically reduced her takings of cotton. In 1938 she came seventh on the list, absorbing only 2 per cent of exports.

In recent years, Germany, Italy and Japan followed France on the list of Egypt's customers. Germany's position steadily improved and in 1938 she actually imported more goods than France, while Italy's position deteriorated.

Finally, mention must be made of the Soviet Union. In 1928 the Union imported over £E3,000,000 of Egyptian goods. After 1933, however, commercial relations were broken off for political reasons, and, though later resumed, trade remained quite negligible.

Of the different articles of export, cotton was distributed among countries in the order shown above; cotton-seed and cotton-seed cake were sent mainly to Britain and to a slight extent to Scandinavia and Germany; rice to the neighbouring Mediterranean countries and eggs to these countries and Britain; onions to Britain, Germany and Italy; finally phosphates to Japan.

Britain's share in import trade declined steadily to under 25 per cent of the total; while that of the whole British Empire came to about 30 per cent. Germany rapidly improved her position, ranking second with about 10 per cent. She was followed by Italy, the United States, Belgium and France. Japan, whose exports to Egypt during the slump came next in

importance to Britain's, was knocked out of the market by the special duties of 1936.

It will thus be seen that both for import and export trade, especially the latter, Egypt is as dependent on Europe as ever. More particularly, she is dependent on the Western democracies who, before the war, took over half her exports and with whom she had a heavy export surplus. In import trade the Axis was playing an increasingly important part, but one still not comparable with that of the Western Powers.

The fact that the bulk of Egypt's trade was financed by sterling bills explains why no quotas or exchange control measures had to be imposed, even during the worst years of the slump. Certain barter or bilateral agreements were concluded with Germany and Rumania, but their importance was negligible. In 1938, however, Lancashire exporters, anxious to improve or at least maintain their position in the Egyptian market, sent a delegation to discuss the possibilities of establishing import quotas for textiles. A Bill was submitted to the Egyptian Parliament, providing that a quota should be assigned to each country according to its takings of Egyptian cotton. Provisions were made to safeguard the interests of local industry. The scheme, which would have furthered British interests at the expense of those of Italy and Germany, had not, however, received the approval of Parliament when war broke out.

Chapter Nine

FINANCE

'Il était une fois un financier. . . .'—Voltaire

GENERALLY speaking, the credit structure is conditioned by the economic structure. This is particularly true of Egypt where, except for one or two serious gaps which will be described later, the credit system may be said to have adapted itself closely to the country's activity, departing more than once from orthodoxy in doing so, but to have made no attempt to open up new paths. More specifically, whereas the marketing of cotton and long-term mortgage requirements have received more than adequate attention, small growers' needs for mortgages and short-term credit have only recently been satisfied and there is still a lack of industrial credit facilities.

Before examining the different money markets and credit institutions, however, it is necessary to say a few words about the currency system. The successive steps by which Egypt severed her link with gold have already been mentioned.[1] The declaration of the National Bank's notes to be legal tender and the substitution of sterling for a gold backing did not, however, mean that Egypt adopted a sterling exchange standard, since there was no obligation to convert Egyptian notes to sterling. A 'gentleman's agreement' between the National Bank and the other banks provides for the transfer to and from London of sums exceeding £E50,000. Banks wishing to transfer money to Egypt pay in sterling to the National Bank's London agency which buys therewith British Treasury Bills, depositing them as cover against the note issue. The National Bank's Issue Department in Egypt can then expand the note issue by an equivalent amount, which is paid to the bank that has effected the transfer,[2] conversely for a transfer from Egypt to London, which involves a contraction of the note issue. The effect of this arrangement is that Egypt is virtually on a sterling exchange standard and that there are absolutely no obstacles—not even transfer charges—to the movement of funds between Egypt and London.

[1] See *Chapter Three*, Section *C*, above.

[2] The actual mechanism is slightly more complicated, but the above description covers the essential stages.

One further remark is necessary, regarding the national complexion of the credit institutions. In 1939, of the 14 clearing banks, 4 were British, 2 French, 1 Greek, 1 German and 1 Japanese. The remaining 5 were incorporated in Egypt but only one of them, Banque Misr, was founded by Egyptian capitalists and managed and wholly staffed by Egyptians. In mortgage banking French capital had an overwhelming preponderance. About half the insurance business was in the hands of British firms and perhaps another quarter was handled by Italians. Finally, the Stock Exchange is entirely controlled by Levantines, mostly Jews.

It only remains to add that the more significant financial events of the last twenty years have been the foundation of Banque Misr in 1920; the absorption of the Anglo-Egyptian Bank by Barclays Bank (D.C. and O.) and of the Egyptian branches of Lloyds Bank by the National Bank; and the foundation of the Banco Italo-Egiziano, Banca Commerciale Italiana per l'Egitto and Banque Belge Internationale pour l'Egypte, all of which are incorporated in Egypt but financed and managed by foreigners.

(A) CUSTODY AND TRANSFERENCE OF SAVINGS

As has been mentioned above (*Chapter Three*, Section *C*), the growth of deposit banking dates from the first world war. The early post-war years saw a marked contraction of deposits, owing partly to the repatriation of securities previously held abroad and partly to losses on exchange speculations.[1] After 1922, however, there was a steady growth and on 31 December 1939 total private deposits held in Egypt,[2] including the savings banks and Post Office, totalled £E55,353,000. The number of depositors was about 100,000.

This total is disappointing compared with the population and national income. Its smallness may be explained by the following economic and social factors: the absence of a large and prosperous middle class; the prevailing traditions of conspicuous consumption, especially among the rich; the prevalent illiteracy and distrust among the poorer classes; the preference shown for investment in land or hoarding of gold; the emphatic Koranic prohibitions against usury; the absence, until 1937, of any legislation regarding the drawing of cheques, leading to a general distrust of cheques and reluctance to open bank accounts; and finally, not least important, the fact that until

[1] A. N. Forté, *Les Banques en Egypte*, p. 36. (Paris, 1938.)

[2] i.e. excluding government deposits and private deposits held by Sudan or London branches.

quite recently, and more particularly before the foundation of Banque Misr, few bank managers were able to establish close contacts with Egyptians and persuade them of the advantages of opening an account.

Several of these factors are still operative, but with the spread of education and Egyptianization of bank personnel an extension of deposit banking may be expected.

Apart from deposit banks, the only available agencies for the draining of savings are insurance houses and the savings banks. Insurance business has widely developed in the last twenty years and although comprehensive figures are not available it is significant that, in 1942, the premium reserves of 12 Egyptian, British and Swiss life insurance firms totalled £E5,015,000 while the premiums collected by them amounted to £E942,000. These figures do not include firms of Axis-occupied countries, whose importance may be judged from the fact that three Italian companies alone had reserves of £E1,219,000.

The law of 1939 compelling foreign insurance companies to keep in Egypt at least 60 per cent of their premium reserves, as well as a deposit of £E10,000 for each category of insurance business dealt in by them, will probably contribute to increase the public's confidence and stimulate the taking out of policies.

The Post Office and other savings banks, opened at the beginning of the century, are designed to attract small savings, since the minimum deposit allowed is 5 millièmes and the maximum £E500. Their rapid growth in recent years to a total of 487,000 accounts aggregating £E9,578,000 in 1938 is, however, partly due to the relatively high rate of interest allowed, viz. 3 per cent.

There are, unfortunately, no other institutions for the collection of savings. No issuing houses prepared to underwrite loans are to be found in Egypt, and entrepreneurs who wish to float a business must themselves make the rounds of potential capitalists. Nor are there any building societies like those which have rendered such signal services in England by collecting savings on the one hand and supplying houses on the other. Nor, finally, can the co-operatives be said to have succeeded in attracting the small savings of their members.

The Stock Exchanges in Cairo and Alexandria may be briefly described. Nominally they are subject to government control, but in practice this hardly amounts to more than the observance of their internal regulations. Futures operations have been forbidden, only cash transactions being allowed, but this is generally evaded by stockbrokers who grant their clients the necessary credit.

The Stock Exchanges are very narrow. In 1934 the total nominal outstanding value of the Public Debt and Share and Debenture capital of companies operating in Egypt was £E195,000,000, but of this only £E106,000,000 was held locally.[1] During the inter-war period there were no large issues of capital (with the exception of the Misr Companies,[2] aggregating about £E4,000,000) or flotations of government loans. On the contrary, both the Government and the mortgage banks accumulated large reserves of local gilt-edged securities. Moreover, the circle of clients is restricted, relatively few Egyptians (as distinct from foreign or Egyptianized residents) being interested in Stock Exchange transactions. This narrowness and the mercurial character of the Levantine clientèle explain the sensitiveness of the market to any shock and the violent price fluctuations, both of which have been particularly apparent during the late war. Generally speaking, however, prices show a certain tendency to follow movements in foreign and cotton markets.[3]

It is these factors which compel some of the larger banks to invest part of their funds in foreign securities, for the sake of liquidity, and prevent the use of Egyptian Government securities as cover for the note issue.

(B) SHORT-TERM CREDIT OPERATIONS

Egypt's chief short-term credit requirement is for the moving of her cotton crop. Of the three steps involved—financing the grower, financing the merchant, and financing the exporter—only the last two will be considered in this section.

Up to 1914 the financing of cotton was achieved by the seasonal influx of gold.[4] To-day, thanks to the flexible mechanism of the note issue, this is no longer necessary. Banks operating in Egypt transfer the required funds through the National Bank and the note issue is correspondingly increased. The average monthly note issue of the years 1928–1937, which cover a trade cycle, shows a marked seasonal movement with an expansion from £E19,600,000 in August to £E24,000,000 in November, followed by a steady contraction up to the following August. The dependence of the seasonal movement on the

[1] Crouchley, *Investment*, p. 162.

[2] Organized and sometimes financed by Banque Misr.

[3] D. Bourkser, 'L'influence des prix du coton sur la côte des valeurs egyptiennes, 1910–1929', *Egypte Contemporaine*, 1930.

[4] See *Chapter Three*, Section *B*.

cotton crop is shown by the fact that, in 1923–1937,[1] the coefficient of correlation between the total value of cotton arrivals and the seasonal expansion of the note issue was as high as 0.9361.

The only bank to publish a monthly balance sheet is the National Bank, but it may be taken as fairly representative of the whole banking system. Advances on goods and securities reach their minimum in August, rising sharply to a peak in November or December.[2] These represent advances to merchants or, less commonly, growers and are covered either by securities or by cotton deposited in the Bank's *shoonahs*. Rates of interest vary according to the status of the borrower. Small up-country merchants are charged about 6 per cent, but Alexandria firms have been able to borrow at the very cheap rate of 2½ per cent.[3]

The borrowers draw out large quantities of bank-notes which they pay out to the growers whose crop they have purchased.

The financing of cotton exports is carried out by means of three-month sterling bills which are discounted by the banks at a rate close to that ruling in London.[4] (It is interesting to notice that during the depression many exporting firms were sufficiently well provided with funds to be able to hold their bills till maturity.) The sterling proceeds are usually retained in London and serve to pay for imports.

Having described the mechanism of note issue expansion it is well to follow up the way in which it falls back to normal. Two main causes can be distinguished: the flow of notes from the growers to the banks, in payment of taxes, advances and purchase of industrial goods; and the seasonal import surplus. For whereas cotton exports are concentrated in the autumn and winter months, showing a favourable trade balance during that period, imports are evenly spread over the whole year, showing an unfavourable balance during the spring and summer. It has been clearly shown that the seasonal movements of the note issue are very closely correlated with those of the trade balance[5] and that the import surplus is paid for out of the funds accumulated by the export surplus.

Apart from exporters' bills, there is little discounting in

[1] Excluding 1935, when the Abyssinian war caused an abnormal expansion of the note issue owing to hoarding.

[2] See E. Hallett, 'Currency and Credit in Egypt', *Egypte Contemporaine*, 1936, p. 173.

[3] See Sir Edward Cook in *Manchester Guardian*, (Commercial Supplement on Egypt), 11 January 1935.

[4] *ibid.*

[5] e.g., by Bresciani-Turroni, Hallett, etc.

Egypt. The reasons for this have often been enumerated. They are, first, the scarcity of acceptable trade bills owing to the relatively sparing use made of bills for financing commerce and industry; secondly, the absence of short-term government or municipal borrowing; thirdly, the reluctance of drawers to see their bills circulating, for fear of weakening their credit; fourthly, the cumbrousness of the legal procedure regarding bills; and lastly, the large number of dishonoured bills—on an average 25,000 per annum—owing to the absence of legal or moral sanctions. As a result of all these factors, the amount of inland bills held on 31 December 1938 was only just greater than that of foreign bills and in previous years had often been smaller. It should be added that the bulk of inland bills was held by Banque Misr.

Another significant departure from Western banking practice is the absence of a Call Market. Only the National Bank shows in its balance sheet a heading 'Money at Call', and this is known to be invested in London. The fixity of the sterling-Egyptian exchange, leading to the regular transference of funds to London after the cotton season is over, has been given as the main reason for the absence of a Call Market. But at the present stage of Egypt's economic and financial development it is difficult to see to what use such a market could be put, except perhaps financing unhealthy Stock Exchange speculation. And until a use can be found for idle short-term funds, it is surely preferable to allow them to earn some return, however small, abroad.

The most important earning assets in the Bank's balance sheet, apart from advances, are investments. Little can be said about these except that their trend shows a marked inverse correlation with advances, and that a large proportion of Banque Misr's holdings are shares of its own industrial companies, while the other banks are known to invest a fair proportion of their funds in foreign securities, for fear of sudden price depreciations on the narrow Egyptian Stock Exchange.

This section may be concluded by examining the combined balance sheets of the seven Egyptian banks which publish returns (see Table XXXI).

A few words of commentary are necessary. During the years preceding 1939 the ratio of cash to deposits varied between 9 per cent and 14.7 per cent and the ratio of advances to deposits between 42.5 per cent and 57.8 per cent. Most of the difference between deposits and advances was invested in securities. The bulk of securities were held by the National Bank; this, together with the fact that some of these were

foreign securities, made its position particularly liquid and enabled it to meet a run by its depositors and those of other banks, such as occurred for instance in June–July 1942, by liquidating some of its securities, purchasing Treasury Bills and depositing them in the note issue cover, and paying its depositors in bank-notes.

TABLE XXXI

MAJOR ITEMS IN COMBINED BALANCE SHEET OF SEVEN BANKS AND VOLUME OF CLEARINGS 1929–1938
(£E000's)

	1929[1]	*1930*	*1934*	*1937*	*1938*
Paid up capital and reserves	8,783	9,399	9,555	9,703	9,738
Deposits	48,175	35,363	40,763	50,002	44,724
Cash and Banks	4,325	4,524	5,161	7,253	5,664
Money at call	1,560	1,609	1,560	1,594	1,467
Bills	5,845	4,416	4,555	2,958	3,629
Securities	22,109	16,436	19,800	25,890	18,385
Advances	24,285	18,500	19,260	21,655	24,654
Participations	483	587	419	532	191
Net Profits[2]	887	779	636	615	616
Clearings[3]	132,125	98,401	105,204	132,833	128,310

After the slump most items (but not profits) increased steadily until 1938, when there was an adverse trade balance and withdrawals of capital from Egypt. The rise in deposits put many banks in a position to finance advances out of their own resources without having recourse to foreign correspondents, as was the normal procedure before 1914.[4] Deposits are very stable and their velocity of circulation is low. Thus between 1929 (when the Clearing House was instituted) and 1938 the proportion between clearings and deposits was in the neighbourhood of 3 to 1. During the same years the corresponding ratio in London was never below 16.

(c) AGRICULTURAL CREDIT

In view of the great importance of agriculture in the Egyptian economy, the predominance of small-scale farming and the impecuniousness of the mass of the rural population, cheap short-term agricultural credit is more necessary than any other

[1] Six banks only. [2] Five banks only. [3] All banks operating in Egypt.
[4] Forté, *op. cit.*, pp. 33–6.

form. Yet until 1930 there was no institution specializing in agricultural credit, except the Agricultural Bank which will be described later.

Farmers obtained their requirements from different sources. Growers of sugar-cane received advances from the Société des Sucreries; growers of cotton were sometimes financed by local merchants or branches of exporting firms, in return for a lien on the crop. These merchants in turn often borrowed from the banks, so that the rate of interest charged to growers was relatively high. Small mortgage loans were also rendered inaccessible or expensive by the fact that, owing to the legal difficulties standing in the way of recoveries, the Crédit Foncier confined itself to large loans. The bulk of credit requirements was supplied by village usurers, who charged rates of 30 or even 40 per cent.[1]

The British authorities' many attempts to meet these deficiencies culminated in the foundation of the Agricultural Bank of Egypt, whose object was to grant short-term and mortgage loans at a maximum rate of 8 per cent. For some years the Bank was active and prosperous, but the Five Feddans Law of 1913 was a mortal blow and its business steadily declined until its final liquidation in 1937.

Between 1920 and 1930 the Government often granted loans to growers through the medium of the Agricultural Bank and the commercial banks.

In 1931 the Banque du Crédit Agricole was founded with a capital of £E1,000,000, of which the Government supplied one half and the principal banks the other.[2] The Government has, moreover, advanced £E3,000,000 at 2½ per cent, reduced to 1½ per cent in 1938, and guaranteed shareholders a minimum dividend of 5 per cent, in return for which it has control over the Bank's activities. The Bank has been exempted from the provisions of the Five Feddans Law and in addition utilizes the services of government tax-collectors for the collection of instalments. This and its somewhat bureaucratic methods have tended to keep away many of the smaller growers for whom the Bank is principally designed, but have not prevented

[1] Zannis, *op. cit.*, p. 38.

[2] '*Il n'est pas sûr que les grandes sociétés d'Egypte aient souscrit avec beaucoup d'enthousiasme aux actions du Crédit Agricole. Tout s'est passé comme si l'Etat avait voulu combler une lacune grave dans l'organisation du crédit en Egypte, lacune dûe à ce que les efforts tentés en cette branche du crédit ne seraient pas rentables, en demandant une contribution aux organismes qui exploitent les autres branches, rentables, de la distribution du crédit. C'est là une conception fort étrange, mais défendable si par ailleurs l'Etat donne lui-même l'exemple des sacrifices, et en Egypte il l'a donné.*' E. James, 'L'organisation du crédit en Egypte', *Egypte Contemporaine*, 1939, p. 589.

a remarkable development. At the outbreak of war it had nearly 500 *shoonahs* distributed all over the country.

In 1938 (a poor year) the Bank sold on credit 173,000 ardebs of cotton-seed and 136,000[1] tons of fertilizers (about 25 per cent of the total consumption of seed and fertilizers). The total value of such sales (including the relatively small amounts of other seeds sold) amounted to £E1,538,000. The Bank's advances to growers and co-operatives for purposes of cultivation totalled £E919,000; and in addition £E695,000 was advanced against cotton deposited in *shoonahs* and £E887,000 against other crops.

As well as these short-term loans (the maximum period allowed is fifteen months) the Bank also grants medium-term loans (up to ten years) for the purchase of livestock or machinery and for land improvement, etc. The total outstanding in 1937 was £E385,000.

The original object of the Bank was the financing of small growers; but in view of the very reasonable rates charged—6 per cent for individuals and 5 per cent (later reduced to 4 per cent) for co-operatives—big landowners sought increasingly to make use of its services, at first through the medium of dummy cultivators and then by inducing it to advance loans to owners of up to 200 feddans instead of only up to 40, thus covering over 99.9 per cent[2] of the landowners. The effects of these measures on the development of co-operatives has already been noted,[3] as has also the project for transforming the Crédit Agricole into a co-operatives' bank. But whatever the future may reserve, it is certain that at present the Bank fulfils a vital and increasingly important function in the credit structure of Egypt.

The preponderant part played by the commercial banks in financing the cotton crop has already been mentioned. Their grain business is less important, the combined share of all these banks only slightly exceeding that of the Crédit Agricole. Normally some 2,000,000 ardebs of wheat, or about a quarter of the crop, pass through the *shoonahs* of all the banks,[4] but the proportion of maize is negligible as the bulk is consumed by the growers. It is interesting to note that as the commercial banks finance traders as well as growers the turnover of their grain deposits tends to be appreciably higher than that of the Crédit Agricole, which concentrates on growers.

[1] In addition, 53,000 tons were sold on a cash basis.

[2] There would have been nothing to object to in this development were it not that the cheap government advances to the Bank constitute a subsidy from which only small growers should be allowed to profit.

[3] See *Chapter Five*, Section *P*, above.

[4] Including Crédit Agricole.

(D) MORTGAGE CREDIT

The war of 1914–1918 and post-war prosperity led to a repayment of loans and considerable reduction of mortgage debts, which fell to £E29,000,000 (of which about half was owed to the Crédit Foncier) in 1920, remaining around that figure until the outbreak of the war in 1939. In 1936 the mortgaged area represented 18 per cent of the cultivated area, and aggregate debts amounted to 5 per cent of the estimated value of the cultivated land of Egypt.[1] The number of landowners involved was put at 160,000, or 6 per cent of the total.

Although the rate of interest charged was not exorbitant (average of 5.37 per cent in 1931) the fall in prices after 1930 greatly increased the debt burden. Hence, in 1933, the Government concluded an arrangement with the main mortgage banks by which the latter reduced the annuities payable by debtors while the Government took over two-thirds of the overdue interest. This proved to be only the first of a succession of such agreements in the interests of debtors. It is unnecessary to enter into the details of these agreements but the following facts should be noted. First, that they were all approved by immense majorities in Parliament—as one Senator put it, 'The problem of mortgage debts is more important than national defence'. Secondly, that the agreements have cost the banks a considerable sum,[2] while the Government on its side has lost many hundred thousand pounds and been saddled with debts, taken over from the different banks, estimated in 1936 at £E7,300,000. Thirdly, that those who have benefited are almost wholly large or medium-sized landlords. Finally, that the expectation of further agreements has made debtors put off as long as possible the repayment of loans.[3]

It has been stated that these successive reductions of debt will have an adverse effect on mortgage credit. It is not certain whether such a development is to be deplored, since a large proportion of the huge loans[4] was never used for development. Moreover, the very argument adduced by apologists, viz. that mortgage credit has prevented forced sales and a deflation of land values, turns against them in a country whose main

[1] James, *op. cit.*, pp. 570–1.

[2] The net profits of the two main mortgage banks fell from £E1,013,000 in 1930 to £E608,000 in 1939.

[3] *Annual Report of Crédit Foncier Egyptien*, 1938–1939.

[4] Up to 1942, the Crédit Foncier alone had advanced £E103,000,000.

economic and social problems can be traced to the exorbitant price and excessive concentration of ownership of land.

It only remains to add that in 1932 the Government founded the Crédit Hypothécaire Agricole, designed to help small farmers, advancing £E3,000,000 for the purpose. Only growers paying under £E50 in Land Tax may borrow from the Bank and loans must not exceed £E1,200 (raised since to £E4,000). The present rate charged is 5½ per cent.

During the first year there were nearly 4,000 applications and over 2,000 during the second year. But as conditions improved demand fell off, averaging about 250 in pre-war years.

The Bank manages some of the mortgage debts taken over from other institutions by the Government.

(E) INDUSTRIAL CREDIT

This is undoubtedly the least developed branch of credit in Egypt, for the very good reasons that industry is the most backward sector of the national economy and that it practises to a large extent a system of self-financing. Yet it seems certain that Egyptian industry has been handicapped by the absence of adequate facilities and that in the matter of industrial credit the example of Germany, France and Japan—or of Turkey, Rumania and Greece—should be followed rather than that of Britain where an early start enabled industries to accumulate their own reserves, thus becoming independent of bank loans.

Such steps as have been taken to remedy this deficiency are due to Banque Misr. In many ways this Bank does not differ from other Egyptian commercial banks, its main activities consisting of advances on goods and securities, investments and rediscounting of bills. Since its inception, in 1920, its deposits have continuously increased, reaching £E17,200,000 in 1938, and it may be said to have done more to spread the banking habit among Egyptians than any other bank.

In addition to these activities, however, Banque Misr set itself to foster local industry in three ways:

1. *By direct participation.* Fifteen 'Misr' companies have been formed with an aggregate capital of over £E3,000,000 and activities ranging from spinning and weaving to insurance, fisheries, airlines and films. It has often been pointed out that the creation of some of these industries can be justified only on sentimental, not economic, grounds. The Bank usually

subscribed a large proportion of the capital and retained a substantial amount of shares in its portfolio.

2. *By advances.* In 1936, advances to the seven Misr companies whose balance sheets were available aggregated over £E1,500,000.[1]

3. *By industrial loans.* Since 1922 the Government has provided Banque Misr with funds to be used for advancing to industry. In 1938, these aggregated £E938,000, most of which was absorbed by the Misr group.

This method of borrowing on short-term and lending on long-term has often been criticized in orthodox financial centres. In reply it has been pointed out that part of the funds were supplied by the Government for that purpose; that the Bank had a special industrial reserve, amounting to £E177,000 in 1938; finally, that a large proportion of accounts consisted of fixed deposits while the rest were more sluggish than those of other banks.

The debate seemed to have been decided in favour of the critics when, on the outbreak of war, a run on the Bank compelled it to appeal to the Government for help, to the extent of £E2,000,000. But it should not be forgotten that much of the responsibility for its difficulties is due to inefficient management of the Bank and its industries,[2] not to the fact of industrial advances.

The war boom has enabled the Misr companies to repay practically all the Bank's advances. The Bank itself has also been thoroughly reorganized and has repaid the government advances. There is no doubt that, supported as it is by the public and Government,[3] its prospects are very good.

Nevertheless, it is not certain that in its present form Banque Misr is well equipped to handle industrial loans. Indeed this was recognized by the Board of Directors when, in 1929, it presented a report to the Minister of Finance on Industrial Credit. The main suggestions were that Banque Misr and the Government should provide the capital of an industrial bank whose functions would be to study projects for new industries and present them for public subscription, itself participating directly, where necessary, up to certain limits.

[1] Forté, *op. cit.*, p. 165.

[2] Until the recent war there was no auditing of accounts by chartered accountants and insufficient care seems to have been taken in granting advances.

[3] For the lengths to which government support has been pushed see Forté, *op. cit.*, p. 169.

In recent years a draft law for an Industrial Credit Bank, modelled on the Crédit Agricole, has been submitted by the Ministry of Commerce and Industry. It will probably be necessary to safeguard the Bank's position by special legislation, patterned for instance on the Greek model, regarding the mortgaging of plant. The scale suggested does not seem over-ambitious, and there is no doubt that such an institution would render great service by ensuring that no Egyptian industries shall be crippled by purely financial—as distinct from economic —considerations.,

(F) BALANCE OF PAYMENTS[1]

It is unfortunately impossible to attempt even a rough estimate of Egypt's balance of payments, since many of the most important items are still unknown. The following account summarizes the available data.

Balance of Trade. Between 1920 and 1938 (inclusive) merchandise imports aggregated £E859.8 million and merchandise exports and re-exports £E852.8 million.

Specie. The deficit was partly filled by an excess of exports of specie (£E13,200,000) over imports (£E11,800,000). There was therefore a visible net import surplus of £E5,700,000 or £E300,000 per annum.

Shipping. As Egypt's imports are valued c.i.f. and her exports f.o.b., no correction is necessary under this heading. The earnings of the small Egyptian fleet are negligible.

Suez Canal Company's Expenditure in Egypt. Between 1925 and 1935 this averaged just over £E2,000,000 per annum.

British Army Expenditure in Egypt. Between 1927 and 1935 this averaged £E1,700,000 per annum. This figure does not include expenditure of officers, estimated, with the help of the Army authorities, at £E225,000 in 1935 and £E250,000 in 1938.

Various In-payments (Ports and Lights Dues, etc.). Between 1922 and 1934 these averaged about £E700,000 per annum. A fairly large sum should be added to cover losses to foreign exporters arising out of local bankruptcies.

Tourists. Tourist payments in Egypt have been estimated at about £E1,000,000 a year. No reliable estimate has been made of expenditure of Egyptian tourists abroad, but it is generally agreed that this is considerably in excess of foreign tourist

[1] Much of the material of this section was obtained from various estimates compiled by Mr. J. I. Craig, C.B.E.

expenditure in Egypt. It may be taken that this heading shows an appreciable out-payment.

Various Out-payments. To this should be added various out-payments, e.g. pilgrims' expenditure in Hejaz, Egypt's share in the Sudan Army, expenditure of the Egyptian Irrigation Department in the Sudan, etc., averaging about £E500,000 a year between 1923 and 1932.

Remittances, etc. In view of the very small number of Egyptians residing abroad and relatively large number of foreigners in Egypt, it seems probable that this heading shows out-transfers of funds. It should not be forgotten, however, that many foreign residents in Egypt, e.g. employees of branches of foreign firms, are paid from abroad.

Insurance. As insurance business is rapidly expanding in Egypt, it may be taken that premiums exceed claims and that there was consequently a small outward movement. The law of 1939 regarding the proportion of reserves to be kept in Egypt, whose effect should be to cause an appreciable inflow of funds, is only just being enforced.

Interest Payments. Mr. Crouchley[1] has given the following figures:

Interest payments abroad:	£E
average 1920–1924 . .	7,325,000
,, 1925–1929 . .	6,331,000
,, 1930–1934 . .	4,812,000

Receipts on foreign securities held in Egypt:	£E
average 1920–1924 . .	4,000,000
,, 1925–1929 . .	3,500,000
,, 1930–1934 . .	2,250,000

The net average outflow was therefore £E3,000,000 per annum.

Other Capital Movements. No data are available regarding short-term movements. As regards long-term movements, Crouchley estimates that between 1914 and 1933 there was a reduction in Egypt's foreign indebtedness of £E72,800,000, viz. £E46,700,000 on the Public Debt and £E26,100,000 on share and debenture capital.[2]

The following table shows the main items on current account in the balance of payments between 1920, when foreign trade became more normal, and the outbreak of war in 1939.

[1] *Investment*, p. 195.
[2] *ibid.*, p. 165.

TABLE XXXII
MAIN ITEMS IN BALANCE OF PAYMENTS

	Outflow £E	*Inflow* £E
Net import surplus	300,000	..
Bankruptcies	..	?
Canal Company expenditure	..	2,000,000
British Army expenditure	..	1,900,000
Tourists	?	..
Remittances	?	..
Insurance	?	..
Various	500,000	700,000
Interest	3,000,000	..

In view of the heavy though unascertainable payments of Egyptian tourists abroad it may perhaps be taken that Egypt's international balance sheet during the last twenty years has shown a small net outflow.[1]

The explanation of the large repatriation of capital during a period of out-payments on current account is to be found in the enormous export surplus of 1915–1919, given in the foreign trade returns as £E100,000,000 and thought to be considerably more owing to Customs' undervaluation. The bulk of this was invested in foreign securities, Egypt's holdings of which in 1920 were well above £E100,000,000.[2] In 1934, however, such holdings amounted to only £E38,000,000.[3] Clearly then there was an exchange of foreign for Egyptian securities.[4] And there may also have been some sales of securities to meet any outflow on current account in the balance of payments.

(G) DISTRIBUTION OF FOREIGN INVESTMENTS

French interests are still predominant in Egyptian companies, owing to their predominance in mortgage banking. In 1933, French investments amounted to £E38,763,000 out of a total foreign interest of £E81,365,000. British capital followed with £E31,900,000, of which the greater part was in industrial firms and mortgage banks. Then came Belgian interests with £E6,651,000 (mainly in land companies), Italian with £E1,923,000, and Swiss with £E1,379,000.[5]

[1] Crouchley, however, *ibid.*, p. 184, gives reasons to believe that between 1921 and 1930 Egyptian cotton exports were undervalued by about 10 per cent. Possibly, therefore, Egypt's current account just balances.

[2] *ibid.*, p. 81. [3] *ibid.*, p. 201.

[4] In this is naturally included the reduction in the note issue (£E45,000,000 between 1919 and 1938) since, as the variable portion of the cover consists of British securities, an increase in the issue represents an inflow and a decrease an outflow of funds on capital account.

[5] Crouchley, *Investment*, p. 95.

(H) CENTRAL BANKING

In young nations the desire to have a Central Bank has sprung from sentimental as much as from financial considerations. Such banks are looked upon not merely as a necessary cog in the financial mechanism but also as a hallmark of national independence. This attitude, which is very evident in Eire, comes out clearly in any discussion on central banking in Egypt. The renewal of the National Bank of Egypt's charter in 1940, for forty years, was passed only after Parliament had been assured that this would be followed by legislation converting the Bank into a central bank in the full sense.[1]

Of the normal functions of a Central Bank, the National Bank at present fulfils the following:

monopoly of note issue;
custodian of the bulk of the Government's funds;
financial adviser to the Government and agent for dividend payments, loan flotations (e.g. in 1933, 1941 and 1943), Treasury Bill tenders (since 1941), etc.

The three main functions so far denied to it are those of bankers' bank (though in practice banks keep balances with the National Bank), lender of last resort and controller of the volume of credit through changes in the rediscount rate and open-market operations.

In spite of these limitations the National Bank has on many occasions played the part of a Central Bank, to the great advantage of the country. In the 1907 crisis—a crisis arising out of excessive mortgage loans, not over discounting of bills, and precipitated by the world slump of that year—the Bank headed a syndicate for rendering assistance to the Cassa di Sconto, which had suspended payments. In 1914, when the outbreak of war caused a run on the banks, the heavy task of financing the cotton crop devolved on the Bank, which, thanks to government assistance, acquitted itself remarkably well.[2] During the post-1918 deflation there was little the Bank could do to help the market. In 1928 it used its influence to set up clearing houses in Cairo and Alexandria, thus saving the banking system a good deal of unnecessary inconvenience. In the

[1] The most important modifications introduced in the Charter were those relating to the Egyptianization of the Board and staff of the Bank; the allocation of 85 per cent of the note issue profits to the Government; the fixing of the rates to be charged on government credit or debit balances with the Bank; and the eventual curtailment of certain branches of the Bank's activity.

[2] Rifaat, *op. cit.*, p. 122.

autumn of 1931, when general conditions both in Egypt and abroad were deflationary, it expanded its advances and once more contributed powerfully to save the cotton crop.[1] Finally, in 1939, on the outbreak of war, it advanced £E2,500,000 to the Government, part of which was probably used for the consolidation of Banque Misr. In addition, there seems little doubt that the Bank has on several occasions succeeded in imposing, by moral suasion, a general policy on other banks.

What then are the defects which the central banking legislation is to remedy? Two main ones have been mentioned: excessive dependence on foreign markets, and the drainage to other countries of Egyptian deposits.

As regards the first it is pointed out that at least half the banking business of Egypt is done by branches of foreign banks whose policy is determined by conditions in foreign, not Egyptian, markets. Hence the possibility of an unwarranted inflation, as in 1907, arising out of superabundant funds in Britain or France or Germany; or an untimely restriction of credit, as in 1931, because of deflationary conditions abroad. The fixity of the sterling-Egyptian rate and absence of transfer charges render the Egyptian market particularly vulnerable to such movements.

To this it may be replied first, that the share of the Egyptian banks is rapidly increasing and that they provide a steadying factor. Secondly, that the mere desire to preserve their Egyptian clients compels foreign banks to pay some attention to local requirements. Thirdly, that the very fact that these banks belong to so many different nationalities—British, French, Greek, German, Japanese (not to mention Italian and Belgian banks incorporated in Egypt)—implies that Egypt will not suffer because of some purely *local*—as distinct from a world-wide—crisis. Finally, as was pointed out by Dr. Nazmi Abdel Hamid,[2] this complaint has been made by economists in much more advanced countries (for example by Lord Keynes, when Great Britain was on the gold standard), and is merely one aspect of the general drive for autarky arising out of the protest against the interdependence inevitably entailed by the international division of labour.

Nevertheless, it remains true that excessive mobility of funds is dangerous and that Egypt is deprived even of the safeguard provided by the 'gold points' under the gold standard. Hence the demand of the late Governor of the National Bank of Egypt, Sir Edward Cook, for the creation of a small gap between

[1] Hallett, *op. cit.*, p. 161.

[2] *Al Bunouk fi Misr*, pp. 37–41. (Cairo, 1939.)

buying and selling prices of sterling. This would in no way impair the link between the two currencies, but would render funds stickier and permit the enforcement in Egypt of interest rates slightly different from those ruling abroad.

The second question is intimately connected with the first. It is well known that foreign banks keep low reserves in Egypt and send back home large quantities of funds as soon as the cotton season is over, confident that, if the need should arise, they can draw on their head office without incurring any exchange losses. The establishment of differential buying and selling prices would undoubtedly somewhat reduce this movement; but in any case it is probable that the suggested central banking law will compel banks to keep a certain proportion of their reserves, free of interest, with the National Bank of Egypt. This measure, which would increase the National Bank's control over the market and would probably be accompanied by a reduction in its ordinary commercial business so as to decrease the competition between it and other banks, is certainly to be welcomed.[1]

But full central banking practice is impossible unless the commercial banks are dependent on the Central Banks for funds which they obtain by rediscounting bills. The fact that a large proportion of the banks obtain funds from abroad will undoubtedly stand in the way of any attempts by the National Bank of Egypt to exert full control. Another great obstacle is the dearth of good bills mentioned earlier in this chapter. Should the Egyptian Government, however, continue its practice of issuing three-month Treasury Bills it is possible that these will form the necessary nucleus of a bill market eventually involving rediscounting by the Central Bank.

Finally, it should be remembered that, in view of the narrowness of the Stock Exchange and its restricted clientèle, the National Bank is not likely, in the near future, to be able to influence the credit structure by open market operations designed to increase or diminish the volume of money in circulation.

(K) EFFECTS OF THE WAR (1939–1944)

The war brought a great financial boom to Egypt. After the entry of Italy into the war the marketing of cotton became difficult, but the British Government undertook to buy the whole of the 1940 crop and, in the following year, formed to-

[1] Since the outbreak of the war in 1939, bankers' balances with the National Bank have appreciably increased, and on 31 December 1942 stood at £E13,500,000.

gether with the Egyptian Government a Joint Commission for the purchase of the 1941 crop. This meant that, although shipping difficulties prevented the actual exporting of the cotton, Egypt received in 1940 its full value and in 1941 half its value in sterling.

Moreover, Allied troops have spent each year tens of millions of pounds in the country.[1] Hence, although the balance of trade has been unfavourable since the outbreak of war, in 1942 markedly so,[2] the balance of payments has shown a large capital inflow into Egypt.

It is not yet possible to say how this money has been spent. The note issue rose from £E22,200,000 on 31 December 1938 to £E122,000,000 on 31 December 1944, and bank deposits from £E55,000,000 to £E128,000,000 in 1942 and considerably more in 1944. In addition, there has been some repatriation of Egyptian securities held abroad and purchase by residents of foreign securities, though how much it is impossible to say.

This abundance of funds, together with the decrease in the volume of imports, the increase in consumption caused by the presence of allied troops and the disregard by the Government of the interest of consumers, has caused a sharp rise in values. The index of wholesale prices and the cost of living index (June–August 1939 = 100) stood at 330 and 292 respectively in December 1944. Land and building values have doubled or trebled while indices of Stock Exchange securities (1 September 1939 = 100) stood at the end of 1942 at 155 for Government securities, 229 for banks, 284 for industrials, 411 for real estate, and 521 for transport.

It is outside the scope of this book to examine in greater detail the effects of this inflation. It is however necessary to stress the fact that Egypt has emerged from this war with a large sterling balance[3] which can be used to redeem all her foreign debt and possibly to change her status from that of a debtor to that of a creditor country.

[1] The totals for the years 1940–1943 amounted to £E215,000,000.

[2] During 1942–1944 merchandise imports exceeded exports by £E73,800,000.

[3] Estimated at over £E400,000,000.

Chapter Ten

PUBLIC FINANCE

'Now they did all cast in of their superfluity; but she of her want did cast in all that she had, even all her living.'—St. Mark

(A) CONDITIONS IN THE PAST

FOR about fifty years, up to the first world war, the problem of public finance dominated Egypt's economic and political life, and it has received corresponding attention in the historical chapters of this book. To-day, though still important, it has yielded pride of place to other problems, notably population and industrialization. The structure of Egypt's public finance between 1919 and 1930 requires only brief treatment.

The first world war raised the Budget, by successive jumps, from about £E17,000,000 to £E34,000,000 in 1919. On the revenue side, the rise is accounted for by increased customs receipts; on the side of expenditure by higher salaries and prices. The war years witnessed regular, and often substantial, budget surpluses and by 1919 the Reserve Fund reached the figure of £E17,000,000. In 1920, however, expenditure shot up to £E62,100,000,[1] while receipts aggregated only £E46,400,000, bringing the Reserve down to £E1,500,000.

The next decade was a period of budget surpluses and by 1930 the Reserve had risen to £E40,600,000.

The slump hit Egypt hard. Imports were halved, falling from £E56,000,000 in 1929 to £E27,000,000 in 1932, a heavy blow considering that 30 per cent of government revenue was derived from Customs duties. Moreover, the fall in cotton prices meant reduction and delay in the collection of the Land Tax. Between 1929 and 1932 receipts fell from £E42,000,000 to £E37,000,000.

A strictly deflationary policy was followed, administrative expenses and public works being cut down and a small tax imposed on government officials' salaries, and although the year 1930–1931 closed with a deficit of £E2,638,000, subsequent years showed surpluses.

During all this period the Egyptian Government enjoyed a very restricted liberty in fiscal matters. True, the functions of

[1] Owing to losses on supply and the execution of deferred projects; see *Chapter Three*, Section *C*.

the once omnipotent Caisse de la Dette had been reduced to receiving certain assigned revenues for dividend payments. But the Land Tax assessment of 1899, which put the average rental value at £E3.595 per feddan and fixed the tax rate at 28.64 per cent, could not be modified before 1939, although, as has been shown in *Chapter Five*, Section *M*, the net revenue and rental value of land had considerably increased in the meantime. Similarly, Customs duties, which, except for tobacco, were fixed at 8 per cent *ad valorem*, could not be modified before 1930 owing to international conventions. Finally, and most important, the Capitulations stood in the way of any direct taxation as foreigners could not be taxed without the consent of their Governments. The sort of situation produced by the Capitulations may be judged from the fact that, until quite recently, the *Ghaffir* (night watchman) cess, introduced in 1914, was paid by only a minority of foreigners.

(B) RECENT CHANGES

Beginning with 1930 the hands of the Egyptian Government have been completely freed. Customs duties were modified in 1930. Their protective effect on industry and agriculture has already been discussed. Their fiscal effect was to raise the proportion of State revenue derived from indirect taxation. Ever since the modification of 1930, duties have been constantly rising, in response to the twofold impulsion of fiscal authorities in search of revenue and landowners and industrialists in search of protection.

Land Tax was readjusted in 1939. The 1935–1937 Cadaster Commission had valued the average rental of land at £E5.715 per feddan. The rate of taxation was fixed at 16 per cent of rental value, after a vigorous attempt had been made by the Senate, which even more than the Chamber of Deputies represents landed interests, to reduce it to 14 per cent. The rise in rental value has offset the reduction in the rate, leaving the total yield of Land Tax unchanged. At the same time new taxes on income were introduced. Salaries and wages were subjected to rates rising from 1 per cent to 7 per cent, with a minimum exemption limit of £E60 per annum. Industrial, commercial and financial profits, as well as dividends, were taxed at a flat rate of 7 per cent, raised since by successive steps to 12 per cent. Profits, but not dividends, enjoy an exemption limit of £E100–150.

The 1939 reform also introduced certain stamp duties on deeds, transactions, advertisements, etc. Death duties on estates above £E100, with rates varying between 3.5 per cent

and 50 per cent according to the size of the estate and degree of relationship, were also envisaged, but the Bill was blocked by the Senate.

The first three years of the war saw important, and long overdue, measures of relief for small landowners. In 1940 those assessed at up to £E10 per annum in Land Tax were granted a certain measure of remission. In 1942 persons assessed at less than PT50 were exempted from Land Tax, while substantial remission (15–60 per cent) was extended to those assessed at up to £E10. It was estimated[1] that about 2,426,000, out of a total of 2,497,000 landowners, would benefit from this reform, of whom 1,280,000 would enjoy total exemption.

One last measure deserves mention: the tax on Excess Profits (in industry, trade, and finance) introduced in 1941. This measure, which was bitterly resented by the business community, and particularly the foreigners, was passed by enormous majorities in both Houses. It was designed solely as a war measure.

(c) THE BUDGET

It is now possible to examine the Budget as a whole. In the years immediately preceding the second world war it stood in the neighbourhood of £E40,000,000, excluding the State Railways budget. The Budget therefore absorbed about 18 per cent of the national income. This compares favourably with the Great Powers—United Kingdom 20 per cent, France 22 per cent, Italy 34 per cent. If, however, the comparison is made, as it should be, with the smaller nations, it is much less favourable. Thus in Australia the proportion was 9 per cent, in Canada 11 per cent, and in Sweden 10 per cent.[2] It should, moreover, be remembered that national income per head is much lower in Egypt than in any of the above-named countries which, other things being equal, means that its tax-bearing capacity is smaller. Hence tables showing that *per capita* taxation in Egypt is one of the lowest in the world are extremely misleading.

But no proportion can give a real picture of the burden of taxation unless accompanied by an analysis of how revenue is obtained and how it is spent. The main sources of revenue are: Customs and Excise 40 per cent, Land and House Taxes[3] 16 per cent, Taxes on Income 7 per cent. Other important

[1] Budget Speech, 1942.

[2] All these figures are taken from the League of Nations, *World Economic Survey*, 1939–1941, p. 80, and refer to 1938–1939.

[3] The house tax is levied at one-tenth of rental value in Cairo and one-twelfth in thirty-nine other towns. It is not collected in the villages.

items are: State Railways, Telegraphs and Telephones, Royalties, Stamp Duties and Fees.

(D) INCIDENCE OF TAXATION

No study has been made of the incidence of taxation. In an article in *La Revue d'Egypte Economique et Financière*[1] it was estimated that income-earners of over £E120 per annum—whose numbers were tentatively estimated at 200,000 to 250,000—contributed £E16,500,000 in taxation, while the rest of the population paid £E14,100,000, leaving some £E15,000,000 derived from small taxes and fees or representing the income of State enterprises.

The above estimates were tentative and allowances must be made for a large margin of error; but there can be no doubt that the tax system of Egypt is highly regressive. It is only necessary to mention that 20 per cent of State revenue is provided by Customs or Excise duties on such articles of popular consumption as tobacco, sugar, kerosene, petrol, alcohol and matches; that until the 1942 reform Land Tax was levied at a flat rate; that House Tax and taxes on dividends and profits are still levied at a flat rate; that the only progressive tax is that on salaries, which rises to a maximum of 7 per cent; finally that there is no Estate Duty. As a result high incomes, especially unearned, pay an extremely low tax compared to European standards, where as much as 50 per cent may be absorbed by income tax, not to mention the effects of Death Duties.

(E) EXPENDITURE

On the expenditure side, Egypt is fortunate in that her debt service represents only 10 per cent of her expenditure. Until recently, moreover, expenditure on the Army was low, although since the Treaty of 1936 it has risen from under £E2,000,000 to over £E7,000,000. But these advantages are more than counterbalanced by the disproportionately large expenditure on salaries and pensions, which absorb nearly a third of the Budget. There should be no question of reducing the pay of the lower ranks of the Civil Service. But on the one hand the number of officials could be greatly reduced, in certain departments to a half or a third of the present figure. On the other hand, the salaries of the upper ranks are excessively high. There is no reason why an Egyptian minister should earn £E2,500 a year—in addition to numerous privileges such as a free car—especially as the amount paid in taxation is so small

[1] 15 August 1942.

that his net salary exceeded the pre-war salary of most British ministers. Finally, it is very necessary that pensions, which are undoubtedly over-generous, especially as regards heirs, who receive a third of the original pension, should be reduced.[1]

An analysis of expenditure shows that some £E20,000,000, or half the Budget (excluding State Railways), were spent on Administration and Defence. The figure covers the following items: Civil List, Council of Ministers, Parliament, Foreign Affairs, Finance, Commerce, Industry, Interior, Justice, Pensions, and Defence. The proportion, in view of the relatively small share of Defence, is very much higher than in most countries and is one more illustration of the wastefulness of the Egyptian Government administration.

To what extent does the remaining portion of expenditure represent social services in the interests of the poorer sections of the community? There is no doubt that the poor benefit—to a certain extent—from the expenditure on public health (£E3,400,000) and that much of the expenditure on education (£E4,800,000) goes to the upkeep of schools frequented by working-class children. As for Public Works and the Ministry of Agriculture (whose budgets aggregate £E6,600,000), they may be said to benefit all growers, whether rich or poor. Finally, the Debt Service naturally only benefits the rich—about 75 per cent of the Debt being held by residents in Egypt—while expenditure on roads and bridges is of much more use to them than to the poor. The only department which caters exclusively for the poor is the new Ministry of Social Affairs, whose annual budget does not exceed £E650,000.

On the whole, then, it may be said that in Egypt public finance in no way corrects the maldistribution of incomes and wealth. In Britain, according to Colin Clark's estimates, the working classes receive from the State in the form of pensions, unemployment allowances, health insurance, etc., more than they pay in taxation.[2] In Egypt it is clearly the reverse that takes place.

(F) PUBLIC DEBT

Up to 1939 a steady, if small, reduction in the Public Debt was effected, interrupted only by a £E2,500,000 loan in 1933. In April 1940 the total outstanding, including the non-consolidated, debt was £E93,300,000, of which £E15,300,000 was held by the Government. In 1941 a five-year £E10,000,000

[1] Youssef Dia el Dine, 'Necessary Revision of the Government Officials' Old Age Pensions Law', *Egypte Contemporaine*, 1942.

[2] Colin Clark, *National Income and Outlay*, chap. vi. (London, 1937.)

cotton loan, at 4½ per cent, was floated, and in 1942 another smaller loan at 4 per cent. In 1943, a vast refunding and conversion operation took place, as a result of which the old Guaranteed 3 per cent, Tribute 3½ per cent and 4½ per cent, Preference 3½ per cent and Unified 4 per cent, as well as the Cotton Loans, were replaced by: a 30 year loan at 3¼ per cent of £E67,000,000; a 15-year loan at 2¾ per cent of £E11,000,000; a 7-year loan at 2¼ per cent of £E5,000,000; and a 3-year loan at 1¾ per cent of £E3,000,000. State indebtedness per head is still one of the lowest in the world, and as the bulk of the Debt is held locally it may be said no longer to constitute a major problem.

An interesting feature of the past sixty years has been the improvement and subsequent deterioration in Egypt's credit. In 1886, the yield of Unified was 2.1 times as great as that of Consols; in 1914, 1.2 times; in 1928, the proportion was only 1.03.[1] After this date, however, the gap widened to 1.15 in 1935 and, after the budget deficits of 1938 and 1939, 1.50 in August 1939. Since then the position has once more improved.

(G) RESERVE FUND

The Reserve Fund, though depleted by the pre-war deficits, stands at the figure of £E28,213,000.[2] It is, however, to a very large extent an untouchable reserve.[3] In the first place there is an absolutely frozen part—£E11,387,000—consisting of different loans, advances and arrears. Secondly, there is the free part, but the bulk of this, £E9,870,000, is invested in Egyptian Government securities, in response to the reiterated wishes of Parliament. It is evident that, in view of the narrowness of the Egyptian market, those securities could only be marketed with great difficulty, and at a loss, particularly when the Government is most in need of money and its credit lowest. The Reserve must therefore be regarded mainly as in the nature of window dressing. As an official in the Ministry of Finance once put it: 'A Reserve which cannot be marketed is about as much use as an Aswan dam whose water-level cannot be lowered.' It is evident that the only Reserve worthy of the name is one composed of foreign, easily marketable, securities.

One of the chief causes necessitating a Reserve has been the inelasticity of the Budget, which may be expected to diminish with the development of new taxation. Another has been the

[1] J. I. Craig, 'Les Finances Publiques et le Régime Fiscal de l'Egypte', *Egypte Contemporaine*, 1930.

[2] 30 April 1939. [3] Note by the Minister of Finance, 10 May 1938.

normal deficit during the two first financial quarters (May–October) preceding the collection of Land Tax instalments. In the absence of Treasury Bills it was necessary to keep enough cash to tide over the interval. Since the end of 1941, however, the Government has kept in circulation £E3,000,000 of three-month bills. Tenders have so far always been two or three times as great as allotments and the average rate has fallen well below 1 per cent. This very low rate is undoubtedly abnormal (the London Treasury Bill rate has never been lower than 1 per cent since the outbreak of war in 1939) and is attributable to the plethora of funds arising out of war conditions, but it is to be hoped that Treasury Bills have come to stay and that the Government will meet a larger part of its seasonal expenditure by this method.

(H) NECESSARY REFORMS

It is evident, from the above description, that Egypt's fiscal system requires much reform. In the first place, the post-war period will see many new calls on the Treasury for public works, industrialization and, above all, social services, and new sources of revenue must be tapped. Secondly, the burden of taxation must be shifted from the lower to the higher income groups.

But before imposing any new taxes it is most necessary to cut down the enormous waste in government departments and reduce the number of officials, and to improve the collection of the present taxes. At the present time only about 10 per cent of government accounts are audited;[1] departments invariably overestimate their expenditure in order to enjoy a greater latitude, and Parliament is always some months late in voting the Budget. These, however, are relatively minor matters. What is more serious is that many millions of pounds are lost each year owing partly to the inefficiency of the Income Tax Department, which has, however, the excuse of inexperience, partly to the lowness of the exemption limit, £E60 per annum,[2] which greatly increases the difficulty of collection and is calculated to train the widest possible number of taxpayers in the art of evasion, and partly to the Government's inexplicable reluctance to impose obligatory accountancy on all commercial and industrial enterprises. The effect of these factors, over and above the loss of many million pounds, has been to penalize

[1] The new State Audit Department, instituted in September 1942, will probably improve matters in this respect.

[2] In Palestine the recent income tax law fixed the exemption limit at £P300 per annum, a limit that was only gradually lowered.

companies and private firms which follow a proper system of book-keeping. So long as the present large-scale evasion is allowed to continue, any raising of the rate of existing income taxes or imposition of new ones will be bitterly resented.

The present task is therefore mainly administrative. Reforms might be begun by appointing committees of assessment for each locality, including among their members a large proportion of business men.[1] At the same time there is no reason why the Bill imposing Death Duties—the most just and easiest to collect of all taxes, and one of the most profitable—should not be passed. Once these two steps are taken, as well as measures to reduce expenditure, the possibilities of progression should be studied. The adoption of either the British system of a tax on personal income or the French system of taxation of different categories of income (profits, rents, etc.), together with a tax on global income, would raise certain administrative difficulties, but these should not be insuperable. And in a country where taxes are as regressive as they are in Egypt, no effort should be spared to shift the burden of taxation on to the under-taxed higher-income groups.

[1] This method is followed, with excellent results, in the Sudan.

Chapter Eleven

SOCIAL STRUCTURE

'As for this image his head was of fine gold, his breast and his arms of silver, his belly and his thighs of brass, his legs of iron, his feet . . . of clay.'—Daniel

EGYPTIAN society is characterized by an unusual combination of very marked economic inequality with social fluidity and cultural homogeneity.

For any one who has known Egypt, however fleetingly, the question of inequality needs no emphasis. It stares at the traveller looking at the mud hovels of the peasants through the windows of his pullman coach or luxurious pleasure boat on the Nile. It scars the centre of Cairo, where the slums of Sayeda Zeynab and Maarouf and Bulak lie within five minutes' walk of the palatial residences of Garden City and Zamalek. In winter these contrasts are exhibited only before a small number of foreign tourists. In summer, however, Egyptians and foreign residents in Egypt extravagantly display their wealth in a dozen European resorts, to the great amusement of the less ostentatious Frenchmen and Swiss and Germans, while their labourers continue to subsist on a daily expenditure of three piastres.

But together with this economic inequality goes a remarkable degree of social fluidity. Unlike that of most European countries, Egyptian society has not yet set, though it seems to be doing so rapidly; and nothing approaching the class stratification of Great Britain is to be met with in Egypt. Mohamed Abdu, the great religious reformer and Grand Mufti, Saad Zaghlul Pasha, the national leader, Mustafa el Nahas Pasha, head of the *Wafd*, and several times Prime Minister, to name only a few outstanding figures, were in no way prevented by their very modest origin from attaining the highest offices of State.

This fluidity was very sharply brought home to me by a conversation between a retired government official and his former office-servant. 'Is it true, sir,' the latter said, 'that your son is at Oxford?' 'Yes.' 'Well, mine is at Cambridge.' The boy had been awarded a scholarship and now occupies a government post. There is nothing to prevent his rising high in the Civil Service. Nor is there anything to prevent his marrying into the best Egyptian families, and numerous

instances of such marriages could be adduced. Apart from a few old Turkish families, who would never think of marrying anyone but an upper-class Turk, marital relations are characterized by a marked absence of social snobbishness.

To a certain extent this may be attributed to the moral teaching of Islam which, like Christianity, utterly rejects any notions of caste or fundamental inequality between believers. Polygamy too, by the licence it allows the rich in the choice of their wives, has largely contributed to blur the distinction between noble and base blood.[1] But more important has been the fact that, economically, Egypt has found herself in a rapidly expanding phase involving a keen demand for any form of capacity and large opportunities for any one with ability. Until the end of the war of 1914–1918 the Government spared no effort to get young men into its service. The professions opened brilliant social and political perspectives. Finally, the break-up and resale of the Khedive Ismail's estates and the short but frequent, and often violent, cotton booms of the last fifty years have enriched many cultivators and speculators and continuously added a layer of *nouveaux riches* to the wealthy landed class.

It is this fluidity which explains the cultural homogeneity of the Egyptians, for where social demarcations have not hardened cultural divergences are rarely wide. In Egypt there are no differences of accent between rich and poor, nothing corresponding to the 'h' barrier, and conversations between members of different classes are free from that feeling of uneasiness which is so evident in England. It would seem, however, that with the increasing westernization of the upper and middle classes and with the hardening of social stratification, such divergencies are tending to increase.

But it should not be supposed that fluidity and homogeneity imply any measure of equality and fraternity. In few countries is the feeling so strong that the lower orders are a species apart whose function it is to work for and obey their betters. This sentiment was well expressed by an indignant Deputy in the debate on trade unions, in the summer of 1942: 'Are we and our servants then to be treated alike?' It is expressed every day in the contemptuous use of the word '*fellah*'.

Egyptian economic and social classes may be roughly divided as follows: large landowners, bourgeoisie, urban petty bourgeoisie, town workmen, peasantry.

[1] The fact that family names are unknown in Egypt, except for a few aristocratic families, mainly Turkish, such as the Yeghens, Shamsis, Daramallis, and Abaẓas, has helped to prevent the development of family pride and class barriers.

(A) LARGE LANDOWNERS

Few classes have justified their existence so little as the Egyptian landlords, who have all the defects of a privileged class unredeemed by any of the virtues of a ruling class. For the most part they are absentees, spending in the town the rents collected from their estates, which they visit only two or three times a year. Land hunger is so great and rents are so high that it seems to most of them unnecessary to take a practical interest or carry out any substantial improvements in their estates.

Yet, in spite of their large rentals, many of them are in financial difficulties. First, because of the prevailing standards of conspicuous consumption: Cairo boasts a finer set of luxury cars than most European capitals and the proportion of luxury cars to ordinary serviceable vehicles is probably the highest in the world; parties are accompanied by a lavishness which explains the extravagance of Western notions regarding oriental hospitality. Secondly, landlords share with their peasants the general passion for land, in their case reinforced by a desire for ostentatious display, and borrow heavily in order to extend their estates. Thirdly, the general vagueness regarding due dates of payment and the workings of compound interest present landlords with great difficulties in meeting mortgage debt instalments.

Politically, as will be shown in the following chapter, the landlord class is all-powerful. Its outlook is reactionary and, in view of its lack of that subtlety which only comes with generations of power, it often expresses its views with cynical *naïveté*. Thus a large landlord, perhaps the wealthiest in Egypt, declared in all seriousness to a weekly paper that the *fellah* was happier than any of us, because his needs were so few, and that the most urgent reform in the countryside was the diffusion of religious instruction. Another, known to be a confirmed agnostic, stated that his objections to socialism arose from the fact that it was anti-religious. A third got up in Parliament and declared amidst applause that the problem of mortgage debts was more important than that of national defence. A fourth, whom I was questioning regarding the reduction of rural wages during the slump, said that wages had indeed fallen by about a piastre per day 'but, you know, a piastre means little to the *fellah*'. It is perhaps worth repeating that the daily wage of a *fellah* is about three piastres.

The landlords wield considerable political influence in their district but their pressure makes itself felt mainly at

election times. Otherwise they tend to leave their peasants alone.

Although its intellectual dispositions and influence are distinct from those of the landlords, the higher professional class, especially the lawyers, tends to merge socially and politically with the landlord class. Many of its members spring from that class, and retain their connexions with the land. Others who originate in the petty bourgeoisie hasten to mark their advent to affluence by the purchase of an estate.

(B) BOURGEOISIE

As there are few large Egyptian private industrialists and traders and no private bankers, this class, small in numbers and as yet politically uninfluential, consists mainly of directors of joint-stock companies—landowners or lawyers or ex-officials, generally connected with politics, and elected by the predominantly foreign boards of directors with a view to giving their firm an Egyptian tinge.[1] The principles governing their choice and the nature of their work tend to make them sympathetic to foreigners and receptive to new ideas. Their greater degree of culture and social consciousness on the one hand, and their realization of the fact that the poverty of the rural population severely limits the expansion of industry on the other, have given them a much keener awareness of Egypt's problems than the landowners and it was a leading member of this class who in Parliament, in 1939, delivered one of the most scathing indictments of Egypt's economic and social structure and pointed out the great dangers involved.

As against the landowners, the political action of this class tends to be diffident and ineffectual. This is because, except for the Misr group, the bulk of large-scale industry, commerce and finance is in foreign hands, which puts the representatives of these interests in the rather difficult position of seeming to defend the foreigner against the national. It is this which explains, for example, the passage through the Senate of the mortgage debts settlement law of 1942 without any opposition, although that body contained at least a dozen representatives of financial interests.

Moreover their position is rendered awkward by the fact that until the last few years neither industry nor finance nor commerce had been subjected to any form of direct taxation. This

[1] Although Egyptian industry and finance are only at their beginnings, they have little to learn from Europe regarding the cumulation of directorships. Cases of one person holding twenty directorships are not uncommon and some have gone above forty.

made it particularly difficult for them to oppose the imposition of such taxes in 1939 and their progressive increase since, or the imposition of a war tax on excess profits.

Nevertheless, there does exist in the country a genuine desire to develop national industry, and advantage has been taken of this fact to obtain generous tariff protection. The Federation of Industries has also successfully used the social conservatism of Parliament to hold up working-class legislation on the grounds that this would impose an intolerable strain on the nascent Egyptian industry.

This class finds itself to-day in a dilemma singularly reminiscent of that which faced the Russian bourgeoisie up to 1917. On the one hand it resents agrarian predominance, which cramps its development. On the other it hesitates to initiate any movement for reform because of its fear of violent social repercussions. The effect of the latter factor is reinforced by the increasing appreciation by landowners of the advantages to be gained from industry and finance and their tendency to invest money and accept directorships. This may eventually lead to a fusion of persons and interests between the two classes.

(c) PETTY BOURGEOISIE

The petty bourgeois class, consisting of government officials, employees, tradesmen, the less successful members of the professions and the upper layer of artisans, is passing through a severe crisis. The spread of education together with the halting of economic expansion have produced a vast mass of 'intellectual unemployed'. In 1937 it was estimated that there were 7,500 jobless Baccalaureat holders and 3,500 jobless graduates of the university or higher schools. In 1942 the Minister of Social Affairs gave a total figure of 10,000. The brunt of this unemployment is borne by the petty bourgeoisie.

The reduced expansion of the Civil Service and ever-worsening terms offered are diverting the younger men to other fields, albeit reluctantly.[1] The expansion of the army has created a keen demand for officers, and there is also a demand from the police for educated constables. Young Egyptians of the middle class are increasingly applying for jobs with business houses; a few are even exchanging government posts for business jobs. Others, especially graduates of the School of Commerce, are setting up on their own in petty trade. Graduates of the

[1] It is not without significance that the ancient Egyptian letter quoted in *Chapter One* was written by the scribe in order to persuade his son that there was no calling as exalted as that of government official.

School of Agriculture are being granted allotments of waste land in the Delta for reclamation.

Conservative in outlook and frowning on Western innovations, this class is trying hard, though increasingly unsuccessfully, to cling to its old way of life and moral standards, which often produced some fine if inconspicuous examples of devotion to duty.

Politically it has played an important rôle during the last twenty years, providing militants for the national movement and *Wafdist* party. Economic circumstances tend to make it xenophobe. The Egyptian trader feels acutely the competition of his quicker Levantine rivals. The young Egyptian employee feels himself surrounded by a hostile ring of Levantine clerks while his more distant perspectives are blocked by the British or French heads of the business.[1] The struggling lawyer or doctor has to face the rivalry of foreigners.

The inability of successive Governments to solve these and other economic and social problems has disgusted the youth of the towns with the present political order and aroused a keen desire for change. The future of Egypt depends on whether the reform movement takes a turn to the right or left, and the scales are heavily weighted in favour of the right.

(D) TOWN WORKERS

The most useful and comprehensive study of this class is the Survey of Poverty carried out in 1938 by the Egyptian Association for Social Studies.[2] No less than 3,333 family budgets, covering 16,900 individuals mainly living in the cities, were examined. The result is summarized as follows in the Association's Report for 1941:

'From a close study of these cases, the following composite picture emerges: a family of 5 persons living in 1.6 rooms, working 37.2 weeks per year, having a total annual income of £E21.075, and spending monthly P.T.195 for all purposes, of which P.T.121 goes for food, P.T.25.3 for rent, P.T.23.4 for clothing, P.T.3.9 for amusements, P.T.3.9 for medicines, and P.T.17.5 for miscellaneous, a large part of which is for tobacco. The average debt is P.T.24, but 90 per cent of the families report no debt at all. It is not known how this deficit

[1] Yet the eviction of foreigners can only bring a very temporary solution since the total number of foreigners employed in commerce and industry in 1937 was 30,000, i.e. about two or three years' 'output' of university and secondary school certificate holders.

[2] The most vivid description of working-class life in Cairo is to be found in Albert Cossery's *Les hommes oubliés de Dieu*, and *La maison de la mort certaine*.

is made up, and surmise only can suggest the answer, i.e. failure to pay bills, loans, begging or charity.

'By way of deviation from this "model" poor family, let us look at the condition of the poorest quarter, 833 families. In number the general average is 5.6 persons to a family. They live in one room, have 7½ weeks of work per year, a total annual income of PT909 and a monthly expenditure of PT83. Of this, PT52 is spent for food, PT10 for rent, PT8 for clothing, PT4 for amusements, PT4 for medicines also and PT5 for tobacco, etc. This group reports no debt, but their total annual expenditure exceeds their income by PT87.'

The picture requires little comment, but two aspects need stressing. First, the terrible overcrowding and promiscuity in which the bulk of the Cairene and Alexandrine populations live make European slums seem almost palatial by comparison. Description cannot convey the full horror to those who have not seen Egyptian slums. Cut off from fresh air and light the inhabitants are, moreover, denied the indispensable substitutes provided by modern civilization: thus, of the 1,300,000 inhabitants of Cairo, only 80,000 families, or about 400,000 persons, have electric light in their homes.

Secondly, malnutrition and ill-health are prevalent. Dr. Wilson,[1] after analysing the available food supply, noting its insufficient protein content and showing that wages are too low to provide an adequate diet, mentions as symptoms of malnutrition the prevalence of pellagra, lung diseases, rickets and dental caries. Dr. Halim Zaki[2] also points to the high rate of tuberculosis.

Little wonder then that the workmen do not care to stay at home, preferring to spend such leisure as they have in cafés. Here relatively large sums are spent in gambling and drinking bouza, tea or coffee. There is hardly any drunkenness, but at one time the use of hashish and heroin was spreading rapidly, though latterly its progress seems to have been checked. Like those of many other countries, the Egyptian workmen are apt to overspend and fall into the hands of usurers.

Such an atmosphere is not designed to breed the kind of serious-minded workman taking an intense pride in his work and interest in working-class affairs, who is met with in Europe, though there are many such, especially among graduates of industrial schools. Foreign residents often complain of the negligent and shoddy work of Egyptian workmen and of the difficulties encountered in persuading artisans to accept odd

[1] *Journal of the Egyptian Medical Association*, 1939, p. 21.

[2] 'The Problem of Tuberculosis', in *Comptes Rendus de la Société de Médecine et d'Hygiène Tropicales*, December 1937.

jobs offered to them. There is no doubt that the Egyptian workman has not yet been 'boiled in the factory boiler' sufficiently long to develop an industrial ethos. The Russian proverb 'The job is not a bear, it will not run away into the forest' well describes his outlook.

But if he has not developed the virtues required in an industrial world, he has retained many valuable pre-industrial ones. First, a very developed generosity and sense of mutual aid, which makes him stint nothing to his unemployed neighbours or friends. Secondly, a good humour and wit which are proof against the most trying circumstances.

Apart from denominational benevolent societies for the 'deserving poor', perhaps necessary in the absence of unemployment relief, practically nothing has been done for the town proletariat.[1] Educational facilities are still inadequate, as may be seen from the fact that only 42 per cent of the population (above 5 years) of Cairo and Alexandria are literate. Night schools and technical schools are especially lacking, but the poverty of the trade unions has prevented them from meeting that deficiency, while the long hours of work leave little energy or zest to the workmen. The only hopeful attempts are the 'settlements' of the Ruwad and Pont Limoun Boys' Club, which have set out to provide recreational and educational facilities for the children of working-class families.

(E) PEASANTS

The *fellah* has at last formed the subject of a sympathetic and well-informed book, that of Father Ayrout. This section is to a large extent a summary of some of the main conclusions of that author.

The most striking feature about the *fellah* is his poverty. The following typical family budget requires no comment.

TABLE XXXIII

ANNUAL COST OF LIVING OF A FAMILY OF FIVE IN LOWER EGYPT[2]

	£E
Food	17.900
Soap, petroleum, utensils	1.960
Tobacco	3.600
Clothing	2.870
	26.330

[1] At the time of writing, however, a scheme for social insurance is under study.

[2] Cleland, *op. cit.*, p. 74. In Middle and Upper Egypt the totals were £E23.330 and £E25.940 respectively.

Nor should it be thought that the Egyptian peasant, like the French, spends little in order to save. His house is a two-roomed mud-brick hovel, in which he spends the night in company with his beasts, the daytime being passed mainly in the open. His furniture consists of a wooden chest, a stove, a few pots and pans, blankets and mattresses. His working clothes are rags. Any savings he may succeed in putting aside are used to purchase a small patch of land, unless they are spent on festivities.

For the *fellah* is deeply integrated in the soil he tills. His house is of mud. He spends his day knee-deep in mud. He drinks the muddy water of the Nile, often refusing the purer pump water provided by Government or landlord on the grounds that it causes impotence.[1] He uses Nile mud as an ointment. The earth, and above all the Nile, form the subject of many fertility rites, some going back to the time of the Pharaohs.

'*On me dit une mère, et je suis une tombe.*' De Vigny's saying is tragically true of the Egyptian soil. It is from the muddy water that the peasant catches bilharzia and ankylostoma, which affect almost 80 per cent of the rural population. The holes from which he digs out the clay for his bricks soon form swamps from which mosquitoes sally to infect 65 per cent of the population.

The peasants' maize and vegetable diet—meat is eaten at most once a week—explains the high incidence of pellagra and possibly the prevalence of tuberculosis. And to these should be added congenital syphilis and ophthalmia. In spite of a very marked reduction during the last twenty years, Egypt still easily heads the list with 540 blind persons per 100,000 inhabitants against 150 in India, 81 in Italy, and 49 in the United States. The Nile Valley has been aptly likened to a gigantic hospital.

The development of endemic diseases has sapped the *fellah's* vitality. A high government official, who circularized many contractors, told me that the working capacity of the Egyptian labourer—measured by the volume of earth dug out per day—had fallen by 25–30 per cent since the war of 1914–1918. The *fellaheen* at first attempted to remedy this loss of vitality—and above all of sexual virility—by taking to hashish. When this was cut off, they replaced it by tea, the consumption of which has trebled since 1914, and which, taken in such large quantities, has a disastrous effect on the nervous and digestive systems—not to mention the family budget.

[1] Boktor, *op. cit.*, p. 156.

Passing on to his mental traits, the *fellah* is very sedentary, rarely looking beyond his village. Attempts to attract peasants to the sparsely peopled northern regions have not been successful, though there is an appreciable drift to the towns. Nothing is more antipathetic to the *fellah* than the restless thieving nomadic bedouin who camps on the edge of the valley.

The *fellah* is a traditionalist. In most essentials his way of life has hardly changed since remote antiquity and such changes as have occurred have been introduced by his rulers not by himself, for example cotton and perennial irrigation.

He is suspicious of strangers and has his share of the peasant's proverbial cunning. Yet his credulity makes him the prey of every charlatan and his simplicity the dupe of every rogue.

He is passionate and hot-tempered. In Egypt there are 224 murders per million inhabitants per annum, against 5 in Great Britain.[1] Of these 90 per cent are committed in the country,[2] about three-quarters of them for reasons of vengeance. Many city murders also are rural in origin. Questions involving women are often behind these crimes; but quarrels, ending in murder and vendettas, often originate in trifling matters connected with crops, irrigation, land, discussions, etc.

Millenniums of unredeemed oppression, and more recently the debilitating effects of endemic diseases, have produced an exceptionally passive and docile mentality. Two incidents have struck me particularly. The self-appointed 'guardian' of the obelisk of Mataria was in the habit of demanding tips from visitors. I happened to walk to the obelisk two days running and, the second time, refused to pay, reminding him that he had been tipped the previous day. His answer was 'Pray God to give you, and you give us'. He had passed beyond the stage where he could pray God to give him directly, instead of through the agency of a benefactor.

On another occasion I was walking on one of the narrow footpaths separating some fields and, meeting an old man with a heavy load on his back, stepped down to let him pass. In most countries a peasant would have regarded such conduct as natural, coming from a young man, and at most given a brief thanks. Evidently, however, such consideration struck him as so unusual that he burst into a flood of blessings.

[1] Criminality, which rose steadily up to 1914, doubled during the 1914–1918 war and has shown no appreciable change since. There would seem to be a tendency for crime to increase a year or two after good cotton prices.

[2] Upper Egypt accounts for a distinctly higher proportion than Lower Egypt.

The promiscuity entailed by the smallness of dwellings provides children with an early and developed sexual education. Girls must bring to their husbands a virgin body, but as Father Ayrout points out, their minds have ceased to be virgin at an early age. However, as the same author remarks, the peasants' attitude towards sexual relations is characterized by a kind of healthy animality unspoiled by morbidity or lubricity.

Marriage is almost universal and is usually contracted at an early stage. Family life is patriarchal, the father exacting and receiving deference. Wives are, however, treated with affection, especially if they bear children, and, in view of their numerous and varied economic functions, enjoy a liberty far greater than that of townswomen.

The *fellah* is very gregarious—he cannot be otherwise seeing that in the Nile Valley it is literally impossible to be out of human sight. Egyptian villages, which may house up to 15,000 inhabitants, resemble nothing so much as a termite heap. But there is absolutely no sort of civic life, the government-appointed *Omda*, chosen from the larger resident landowners, exercising an untempered and abusive if limited control, supplemented and enforced where necessary by the nearest police station.

Yet absence of civic life does not entail absence of mutual aid. All observers point to the remarkable helpfulness shown by the peasants, especially the poorer ones, to each other both in the field and in the home. An understanding of collective interests—for example regarding irrigation—and spontaneous division of labour and discipline in carrying them out are also to be observed. The same group-solidarity explains many inter-village feuds, and also the complete lack of co-operation with authorities in discovering crimes committed in the village.[1]

Integrated in his village, the *fellah* is cut off from the civilizing influence of the towns. The larger landlords are absentees. Government officials—irrigation inspectors, rural doctors, judicial officers, etc.—naturally flee the village and live in the nearest provincial capital or, if their work is in the Delta, in Cairo or Alexandria. Not long ago a prominent Egyptian journalist was contrasting their behaviour with that of the British inspectors who tried as far as possible to live in the provinces. To-day the only European resident is the Greek *baqqal*, or storekeeper. Medical services are still mainly supplied by the village barber. The peasant's only outside contact is with the tax-gatherer.

[1] In no less than 60 per cent of cases the police fail to discover the criminal; Ayrout, *op. cit.*, p. 109.

No wonder then that the *fellah* is profoundly ignorant. Some have mistaken his ignorance for innate stupidity; this is easily refuted by pointing to numerous sons of *fellaheen* who have had distinguished careers in European universities. Moreover, recent developments are helping to dispel that ignorance. Village schools are multiplying. Cheap bus services are increasing contacts with the towns, and rapidly increasing use is made of the railways. Newspapers are penetrating into the remotest villages where groups form to hear them read out by some literate man or boy. The radio is also helping, though its usefulness is greatly reduced by the fact that programmes are transmitted in classical Arabic, unintelligible to the masses. Again, and potentially most important though at present restricted to the larger provincial towns, there is the cinema, from which the peasant can obtain his most vivid ideas of the outside world. Finally, there is conscription, which takes the peasant away to very different surroundings, generally urban.

All this is undoubtedly increasing the peasant's social consciousness. Many say that he is ignorant and contented with his lot and certain writers have assured us that the *fellah's* temperament, piety and profound mysticism render him immune from revolutionary ideas. Yet it is significant that during the air raids and Axis advances of the recent war many landowners remained in Cairo or Alexandria, confessing freely that they would rather face German bombs than their *fellaheen*. It is also significant that German propaganda, which promised the land to the peasants (at the same time as it seduced the upper class by promising them the property of foreigners), had a remarkable degree of success and that, at the time of Alamein, the peasants of at least one village had allotted the landowners' property among themselves.

This consciousness, if not met by rapid and far-reaching reforms, may find vent in a violent outburst. Yet for this the *fellah* will not be to blame. During the last fifty years Egypt has become much more wealthy, but he has had no share of that wealth. For him perennial irrigation has spelt two things: bilharzia and incessant work. He can neither be grateful for the past nor optimistic about the future.

Yet there seem to be signs of reforms. Some landlords, all too few, have provided their peasants with clean drinking-water, relatively decent houses and, more recently, health units. Some interesting experiments in village reconstruction have been carried out by social workers of the Egyptian Association for Social Studies, and the results have been very encouraging, especially where an active interest in the scheme was aroused

among the villagers themselves, who contributed both time and money. The Government is also taking action against malarial swamps, and a start has been made with the plan to provide drinking water and health units in every village. But nothing has been done to stamp out bilharzia or ankylostoma, the most terrible plagues of modern Egypt,[1] to compel landlords to provide decent housing and water for their labourers, or to rebuild on a hygienic pattern the numerous villages destroyed each year by fire, although many progressive landowners have declared that this would not involve too heavy a financial burden. The scope of reform is vast and the consequences of inaction or delay terrible.

(F) WOMEN

The disabilities from which women suffer in Egypt and other Islamic countries are not so much legal as social. True the legal position of the Moslem woman is not too good; for though she may own property and carry out transactions and though her share in the paternal estate is equal to half her brother's—a just arrangement seeing that in Islam it is the husband, not the wife, who pays the dowry[2]—she lies completely at her husband's mercy as regards divorce and has the right to alimony only if she has children.

Yet the root of the trouble rests elsewhere—in the fundamental fact that in Arab countries women are not regarded with the same respect as in Europe. Fathers are deeply respected; mothers often treated with affectionate condescension. A fellow schoolboy was telling me that his father had divorced his mother: 'He sent her away during the summer. It is a pity, because I rather liked her'. A prominent writer recently expressed, in a leading weekly, his regret for the days when his father wore out his slippers on his mother's back. Another example of the same differentiation between men and women is to be found in the rather barbaric sense of 'family honour' prevailing not only among the poorer classes but even fairly high up in the social scale. The feeling that woman so fundamentally belongs to the male members of her household that any misbehaviour on her part stains the honour of her father, brother or husband is so strong that every year witnesses hundreds of murders, often in circumstances of great cruelty,

[1] Many hospitals have been founded but their curative effect is only temporary. The problem must be approached from the angle of prevention.

[2] Wives and mothers are, however, harshly treated in matters of inheritance, receiving only a small fraction of the estate of their husband or son.

designed to wipe out that stain. It would never occur to these avengers to think that any 'misbehaviour' on their part could in any way cast a reflexion on the family honour.

Apologists are perhaps right in maintaining that there is nothing in the original precepts of Islam which relegates woman to an inferior status. The veil and seclusion have, however, undoubtedly cut off woman from social intercourse and condemned her to ignorance and obscurity. Polygamy is no longer, at least in Egypt, a major problem, the proportion of polygamous households representing 3.5 per cent of the total.[1] In the past, however, when foreign slaves were imported or carried off in large quantities, it certainly constituted a powerful factor making for the general degradation of women. The power given to men to divorce their wives, which is freely abused, represents the greatest danger to family life, especially in the large towns. In Cairo in 1939 the number of divorces was equal to 43 per cent of the number of marriages, and in Alexandria the proportion was 35 per cent.[2] Finally, to all these secular factors should be added that during the last fifty years male education has proceeded very much faster than female education, with the result that boys of ten or twelve cannot help finding their mothers profoundly ignorant.

To-day the battle for the emancipation of women is taking place along a very broad line. Female education has made great strides, the number of girls in schools (including elementary schools) being 609,000. The use of the veil, never widespread in the countryside where women actively work in the fields the whole year round, has almost disappeared among the upper classes and is now confined to the urban petty bourgeoisie and working class. Moslem women are now earning a livelihood as teachers, doctors, lawyers and even typists in foreign business houses—not to mention thousands working in factories. A few have distinguished themselves as writers and many are doing invaluable and irreplaceable work in the field of social service. There have even been two or three women aviators.

Needless to say, this trend towards emancipation, which is undoubtedly gaining impetus, is bitterly opposed by the *Ulema*, the older men and women and, more generally, all the conservative elements in the country. They point, not without reason, to the indiscriminate way in which Western manners are being imitated and to the great danger involved. Every

[1] Yet even if the actual proportion is low, the demoralizing effects of admitting polygamy remain.

[2] Mohamed Anbary 'Le Problème du divorce en Egypte', *Egypte Contemporaine*, 1941.

now and again an appeal is made by sheikhs, journalists, deputies or senators for the prohibition of dancing and mixed bathing on the beaches, or for the segregation of women students in the universities, the regulation of women's dress,[1] the restoration of the veil, and even the restriction of female education to matters of religious and moral instruction. But in spite of the strength of the hostile forces, it does not seem as though the trend towards emancipation can be reversed except in the unlikely event of a fundamental change in the status of European women, such as was demanded by Nazism.

To-day the main problem is probably divorce. It is highly improbable that there will be any tightening up of the conditions governing divorce or curtailment of man's power. The trend in the West is definitely towards relaxation and this is regarded as a confirmation of the essential wisdom of Islamic practice. And as long as divorce continues on the same scale as at present, family life and the home education of children, not to mention the condition of the women, are bound to suffer very deeply.

The other question, that of respect for women, may however receive a partial solution as education spreads, especially among women, and as more women earn their living and secure their economic independence of men.

(G) THE COPTS

The 1,085,000 Copts are passing through a difficult crisis. The reasons are not far to seek. The mere presence of a minority acts as a constant irritant to the majority, except in a very highly civilized community, and this accounts for the anti-Coptic feeling in the lower social strata. Such irritation is greatly magnified when the minority is, on the average, wealthier than the majority, as is the case with the Copts. To this should be added that, owing to their earlier educational start and higher cultural level,[2] Copts have succeeded in occupying a disproportionately important place in the Civil Service and professions. It was, therefore, understandable that, with the spread of education and white-collar unemployment among

[1] In the summer of 1942 (when the Germans were at Alamein) a Deputy published an article stating that women should not bare their bosoms and legs even in the presence of other women and that, consequently, bathing-suits ought to be reformed even in purely feminine establishments.

[2] It is usually said that Copts are more intelligent than Moslems. Innate intelligence, as distinct from acquired culture, is very difficult to measure. It is, however, significant that though the Copts have supplied more than their share of lawyers, doctors, and even scholars, there is hardly one outstanding Coptic writer.

Moslems, a recrudescence of anti-Coptic feeling should take place. In recent years this feeling has been strengthened by the growing Islamizing tendencies described in the following chapter. Coptic officials complain of unfair treatment and Copts are practically excluded from the Army.

Conditions in the villages vary widely. In some a remarkable degree of harmony has been achieved between Moslems and Copts. In others the sectarianism of the *Omda* or *Mamur*—and sometimes of the villagers themselves—renders life very difficult for the Copts. It is well known that each year a few hundred Copts of Upper Egypt pass over to Islam; this is probably due, however, not to administrative or social pressure but to the fact that the anaemia of the Coptic Church has starved the villagers of religious teaching, and that consequently many Copts see no reason for continuing to belong to a sect which differentiates them from their neighbours without giving them anything positive in return.

The Coptic Orthodox Church has shown little signs of vitality. The clergy is ignorant and obscurantist and quite unable to satisfy the more intelligent laymen. Consequently, many Copts are going over to the Coptic Catholic Church, whose number has risen to 36,000, or to the Protestant Churches, whose members number 65,000.

The prospects of the Copts are thus not hopeful, but the darkness of the picture should not be over-emphasized. Their condition will ultimately be determined by the general world trend which governs the post-war settlement. The difficulties encountered in government service are diverting the more energetic to business, with excellent results. And in one respect Copts are better placed than ever before. The last thirty years of freedom and tolerance have bred a generation of young men who show none of the vices of oppression, who have co-operated with Moslems in political and social struggles in a spirit of complete equality and mutual respect, and who are well equipped to bring about a deeper and more durable understanding between the two communities.

(H) FOREIGN COMMUNITIES

The difficulty of the position of the foreign communities—the term covers unassimilated foreigners of Egyptian nationality as well—can only be realized if the following facts are borne in mind: firstly, that though foreigners have in the past rendered great services to Egypt as administrators, technicians, teachers, etc., services which could not have been provided by nationals owing to their cultural backwardness, the need for foreign help

has considerably, though by no means wholly, disappeared in view of the rise in the educational level in Egypt; secondly, that foreigners have been very generously rewarded for these, and other less creditable, services and to-day occupy an advantageous position in the economic and social scale. About a tenth of the land[1] and a great part of the country's industrial and commercial capital is foreign-owned. Another equally significant fact is the distribution of occupations among Egyptians and foreigners, shown in the following table.

TABLE XXXIV

DISTRIBUTION BETWEEN MAIN OCCUPATIONS—EGYPTIANS AND FOREIGNERS, 1937

(Percentage of Total Occupied Population)

	Egyptians %	*Foreigners* %
Agriculture . . .	59	1
Industry and transport .	10	24
Commerce and finance .	6	22
Services . . .	5	20

Thus 22 per cent of the foreign community is engaged in commerce and only 1 per cent in agriculture, as against 6 per cent and 59 per cent for the Egyptians.

The full import of these proportions can only be grasped if it be remembered that in Egypt the divergence between the remuneration of 'primary' and 'tertiary' industry, to use Colin Clark's terms,[2] is determined not only by local economic factors, as in other countries, but by the fact that in Egypt two different civilizations, with very different standards of living, co-exist side by side. A rural labourer earns under £E1 per month. A bank clerk starts his career with about £E8 per month. The difference between the two salaries reflects the divergence in the standards of living of East and West.

It must also be borne in mind that certain foreigners have in the past pursued many anti-social activities, for example the drug traffic, with which the Government was powerless to interfere owing to consular protection, and that foreigners have been debarred by religious prohibitions from intermarrying with the Moslem population. From the Coptic community they remain aloof owing to racial and cultural considerations,

[1] Actually the greater part is held by foreign companies engaged in the reclamation of waste land. As a rule foreigners do not like to tie down their capital in land.

[2] Colin Clark, *The Conditions of Economic Progress* (London, Macmillan, 1940.)

and so they live completely apart, gravitating round their closed clubs and social circles.

As a result of all this, ever since Egypt recovered her political sovereignty, successive Governments have done their utmost by legislative action and administrative or social pressure, open or concealed, to tighten the screw on foreigners. The imposition of taxes on profits and dividends, obviously imperative on grounds of social equity, was rendered palatable by the fact that their main burden would fall on foreigners. Great pressure is put on the heads of business houses to employ a larger proportion of Egyptians—and 'Egyptians', they are given clearly to understand, means Moslems or Copts. Naturalized foreigners, born in Egypt or resident there since their childhood, find great difficulties in getting their passports renewed, while foreign residents who leave the country are often unable to return. A Bill has been introduced into Parliament forbidding foreigners to own land.

There is no doubt that this movement, like most reactions, has been pushed too far. Moreover it has been exacerbated by a kind of national vanity common to young nations, which often takes a puerile form. During the recent war, for instance, a law was solemnly passed fixing the size and colour of the Egyptian flag and decreeing that when Egyptian and foreign flags are displayed the latter must be smaller than the former. Nevertheless, underlying it is a desire with which it is difficult to quarrel: to restore a more normal relationship between foreigners and nationals. This object is rarely concealed. Thus in the debates on the compulsory use of the Arabic language in business houses, the Minister of Social Affairs stated that the main object of the law, apart from national dignity [*sic*] and fiscal expediency, was the reduction of white-collar unemployment—in other words the displacement of foreigners by Egyptians.

Naturally, the foreigners resent these measures, which they feel to be unjust and which they know to be economically disastrous for themselves. A few years ago a leading member of the British community advised his friends to 'Clear out, as there was no more money to be made in Egypt'. They are pessimistic about their own and Egypt's future since they cannot conceive of the country's being run without their help. In this they are probably mistaken; for if it is undoubtedly true that Egypt still needs foreign capital, enterprise, scholars and technicians, it is equally true that the majority of the clerical, technical and administrative jobs now occupied by foreigners could be filled by Egyptians without any great loss of efficiency.

But this does not make the process of adaptation any easier for its victims.

The Syrians

Culturally, the Syrians, of whom there are 60,000, mostly of Egyptian nationality, are still the most interesting of the foreign communities, because of the fact that they share with the Egyptians the use of Arabic as a medium of expression. This, given their more europeanized education and outlook and their connexion with the Press[1], makes them an important channel for the infiltration of western ideas.

In government service the Syrians have rapidly lost ground, the only remaining officials being survivals from the time of the British occupation. This reduction in the number of officials may remove an important source of friction between Syrians and Egyptians. Another factor working in the same direction is the decrease in the number of Syrian village usurers.

The bulk of the Syrian community is engaged in commerce, especially in imported goods. The rest are mainly occupied in the professions or in business houses. There are a few artisans and industrial workers.

The division of the Syrians into many antagonistic sects—Greek Orthodox, Greek Catholic, Maronite, Syriac, Protestant—has stood in the way of united action on their part and it is a striking fact that, together with the Armenians, the Syrian community is the only one which has not founded a hospital.[2]

The Jews

The Census returns give the number of Jews as 63,000. Of this the majority are of Egyptian nationality, but there are also many Italian, Spanish and French Jews. The Jewish community is very closely knit and shows considerable group solidarity.

In Egypt, as elsewhere, the Jews tend to concentrate on, and exert a large control over, finance and commerce and, more recently, industry. They are also well represented in the professions and journalism and form a large percentage of the staff of the larger business houses.

Until relatively recently there was no very marked specifically anti-Jewish, as distinct from the general anti-foreign, feeling, arising perhaps from the fact that Jews did not compete

[1] See *Chapter Thirteen*, Section *C*, below.

[2] A Syrian has, however, recently presented a small but well-equipped hospital to the Government.

with Egyptians in government jobs and that Jewish usurers confined their activity to the upper classes and did not operate much in the villages. The spread of anti-Semitism in Europe has, however, had marked repercussions in Egypt, and the Palestine question has powerfully reinforced anti-Jewish sentiment.

Culturally the younger generation of Jews have no ties with Egypt, the bulk having been educated in French schools and looking to France as their spiritual home.

The Armenians

The political power enjoyed during the last century by the Armenians has gone without prospect of return. To-day the 20,000 Armenian residents play a humble but useful part in industry, the crafts and petty trade. On the whole they have preserved their national culture and escaped the dangers of Levantinism to which Syrians and Jews have succumbed but, as with the Syrians, their unity has been somewhat undermined by the division between Orthodox and Catholic sects.

The Greeks

The Greeks, who number 69,000, form the largest, oldest and most diverse of the European communities. Generalization is particularly difficult in their case since Greeks are to be found in large numbers in the professions, in the villages and in the ranks of the industrial workers, but their commercial character is especially marked. Their long connexion with cotton is recorded by the famous Sakellarides and less well-known Casulli varieties.

The Greeks have perhaps suffered more than any other community from the abolition of the Capitulations. With no considerable capital investments to shield them and with no real knowledge of Arabic, the younger Greeks are experiencing great difficulties in finding jobs. At the same time the poverty of their country does not make a return seem very attractive.

The Italians

The Italians, of whom there are some 48,000, have provided the country with most of her artists and many of her skilled artisans. The fascist organizations in Egypt equipped the Italian community with many fine schools, clubs and swimming-pools, but produced a collective arrogance which greatly increased the Italians' unpopularity.

The French

Although the French community (excluding North Africans and other French subjects) numbers only 10,000, its cultural influence is still the greatest. French schools have done more than any single factor to introduce European ideas in Egypt. The circulation of French neswpapers probably equals that of all the other foreign papers put together. The leading scientific, technical and literary reviews are written in French. French is the language of polite society and the one most naturally used in addressing a stranger.

Nevertheless, French is rapidly losing ground in favour of English and parents are tending to send their children to British rather than French schools. And it must not be forgotten that English is the main language taught in government schools.

Apart from such 'cultural elements' as journalists, teachers, scholars and university professors, the French community consists mainly of business men. The Suez Canal Company naturally employs a large number of Frenchmen. In addition, as has been mentioned earlier,[1] French capital investments are still greater than those of any other country.

The British

The British community (14,000, apart from the military and Cypriots, Maltese and other British subjects) consists of technicians and teachers, employed by the Egyptian Government, and business men.

The cultural influence of the British, though growing, is still inferior to that of the French. For many years the only important English school in Egypt was Victoria College, in Alexandria. During the last twenty years, however, many schools have been opened or enlarged, and more recently the British Council has founded institutes in the principal towns. Moreover, after twenty-five years of aloofness, British residents have resumed social contacts with Egyptians. The change is well symbolized in the successful Anglo-Egyptian Union Club.

(I) SOCIAL TRENDS

This chapter may be concluded with an outline of the main trends in the different sections of Egyptian society. The political significance of these tendencies will be examined in the following chapter.

[1] See *Chapter Nine*, Section *G*, above.

In spite of the prolonged slump in cotton prices, there seems to be no deterioration in the position of the large landowners. The figures quoted in *Chapter Five*, Section *L*, demonstrate that the area belonging to them shows no tendency to shrink. One important reason is that they have always used their political power to bolster their economic position, for example by imposing a prohibitive tariff on foreign wheat and thus doubling the value of the local wheat crop.

The industrial, commercial and financial class is clearly gaining in importance, but is not yet able to measure itself against the landed interest. So far it has, however, shown itself more than a match for the industrial working class.

In spite of a marked and accelerated decline in the influence of the foreign middle class (professional and clerical), which has brought some relief to the Egyptian middle class, the position of the latter is becoming increasingly difficult. White-collar unemployment is rapidly rising, with no prospects of its being absorbed. The war-time rise in prices also hit this class very hard.

The massive drift to the towns; the official recognition of trade unions; the war-time increase in earnings of skilled workmen and the impact of rising prices—leading to a big increase in strikes—all this may be expected to produce a greater working-class solidarity and class-consciousness which may manifest itself after the war.

Finally, as regards the peasants, the main tendency is that of the proletarization of the small proprietors, owing to economic difficulties and successive redivisions of land. The formerly influential class of yeomen seems to be disappearing. A social consciousness is beginning to manifest itself among the small peasants. This too may eventually have profound repercussions.

Chapter Twelve

POLITICAL STRUCTURE

'I have never understood the subtle distinctions in the different forms of Government. I know only two—the good, which at present do not exist, and the bad, in which the whole art is, by different means, to transfer the money of the governed into the pockets of the ruling class.'
—Helvetius

(A) GENERAL EVOLUTION, 1923–1936

THE Constitution of 1923, instituting a two-chamber Parliament elected by direct universal suffrage (except for two-fifths of the Senate who are nominated by the King), was received with much enthusiasm and Constitution Day is still celebrated as a public holiday. Nevertheless, it is safe to say that there is at present almost general disillusionment with Parliament and a keen sense of failure. Such a contingency had been foreseen by Lord Cromer who wrote: 'Do not let us for a moment imagine that the fatally simple idea of despotic rule will readily give way to the far more complex conception of ordered liberty'. But apart from long traditions of despotism, the following reasons may account for the very unsatisfactory results so far obtained.

The Presence of the British

This has had a twofold effect on political life. First, it meant that Egyptian politics was dominated by an external question, the relations of Egypt with Britain. Consequently, Egyptian politicians were always much more concerned to extort from the British a further measure of independence than to turn their attention to necessary economic, social and administrative reforms.

In another respect British influence had a restraining effect, for Britain's primary interest in Egypt being strategic she could never allow conditions in this country to become anarchical. Hence, during the frequent quarrels between the King and *Wafd*, Britain occasionally induced the King to make concessions (for example in 1923, in connexion with the Constitution, and in 1935) and more often stopped the *Wafd* from taking violent action against the King.

The Social Structure of Egypt

In Western Europe parliamentary government has rested mainly on the shoulders of the middle class. In Egypt this class is still insignificant, the main division being between big landed proprietors and small peasants. The effect of this is that the electors' choice being in effect restricted to the two or three influential landlords of the district there has been no group which could form a counterpoise to the landowners and no real line of differentiation, as regards home policy, between the Members of Parliament. Hence, there are no real parties representing divergent social interests, but only groups differing mainly on personal questions or those regarding Anglo-Egyptian relations.

Low Cultural Level

To-day, after twenty years of intense educational effort, only 20 per cent of the population are literate. The aggregate circulation of the Arabic dailies is below 200,000. It is, therefore, obvious that the mass of the population cannot be expected to take an intelligent interest in politics. A typical anecdote was told me by a friend who had been charged with the supervision of elections. Having asked an illiterate elector for whom he wished to vote, he got the reply 'Saad Zaghlul'. 'But Zaghlul has been dead for over three years.' 'Then for whoever is a supporter of religion.'

Ever since 1923 the political scene has been dominated by four forces. First, the King, believing that a benevolent despotism was most suited to Egypt and determined to govern as well as rule; around him a party of 'King's Friends' (*Ittihad* or Unionist Party) led by Yehia Ibrahim, Tewfik Nessim, Ahmed Ziwar, Hassan Nashaat, Abdel Fattah Yehia, Zaki el Ibrashi and Ali Maher Pashas. Next, the *Wafd*, led by Saad Zaghlul Pasha and after his death by Nahas Pasha, representing militant nationalism and the desire for independence and hence supported not only by the new Egyptian ruling classes, but also by the mass of the population. Thirdly, the 'Moderates'—Liberal Constitutionalists, *Shaabists* (popular party) and *Saadists* (dissident *Wafdists*)—led by Adli Yeghen, Sarwat, Mohammed Mahmud, Ismail Sidqi and Ahmed Maher Pashas, representing on the whole the richer sections of the population; these were formed by successive splits from the *Wafd* from which they differed in being less tolerant, less anti-British or less anti-monarchical. Finally, the British Residency, which often had the casting vote.

Viewed against this background Egyptian politics shows a regular and intelligible pattern. Any free elections invariably resulted in a sweeping victory for the *Wafd*. A conflict with the Palace followed, ending in the resignation or dismissal of the *Wafd*, the dissolution of Parliament, and the suspension or modification of the Constitution. Prevented from taking violent action by the belief that British troops would support the King, the *Wafd* would remain in opposition until either a quarrel between the King and the Moderates (for example in 1925) or a change of opinion in Britain (for example in 1930 and 1936) caused their recall to power. Every few years saw a new split from the *Wafd*. Yet until the 1936 Treaty the *Wafd* had a *raison d'être*—the struggle for independence—which distinguished it from all other parties and which, together with the prestige derived from Zaghlul's memory and an efficient party organization, ensured its supremacy.

For it cannot be repeated too often that, until 1936, the main preoccupation of any Government, *Wafdist* or otherwise, was the placing of Anglo-Egyptian relations on a more satisfactory basis. Hence the attempts of Zaghlul, Adli, Sarwat, Nahas and Mohammed Mahmud Pashas to reach a settlement. The questions at issue were the Four Reserved Points of the 1922 Declaration: the Canal, the Army of Occupation, the Capitulations and the Sudan. Of these the most intractable was the Sudan, which caused the failure of all attempts until 1936. Italy's aggression against Abyssinia, however, had a sobering effect on both Britain and Egypt, who realized that co-operation was essential in view of the probability of war spreading to the Eastern Mediterranean. Agreement was further facilitated by the slight decline of Egyptian interest in the Sudan,[1] by the British Government's realization that, to be acceptable, the Treaty had to be negotiated by the *Wafd*, and finally, by the statesmanlike agreement of all Egyptian politicians, who in 1935 formed the United Front for the purpose of negotiation with Britain. The Anglo-Egyptian Treaty of 1936 provides for:

1. A perpetual treaty of alliance involving reciprocal aid against enemy Powers. Egypt's obligations are the provision of all facilities including 'ports, aerodromes and means of communications'.
2. The withdrawal of British troops of occupation, as soon as the necessary accommodation is available, into the Canal Zone. In 1956, if Egypt is sufficiently powerful to undertake the defence of the Canal, all British troops are to be with-

[1] An interest which has, however, considerably revived in the last few years.

drawn. The Egyptian Government also undertakes to build certain strategic roads and railways.

3. The question of sovereignty in the Sudan is left in suspense. In the meantime the Condominium status provided for in the Convention of 1899 will be operative. Egyptian troops will participate in the defence of the Sudan and Egyptians will enjoy rights of immigration. The predominantly British character of the administration does not seem, however, to be questioned.

   Perhaps the most significant clause is the declaration by both States that the object of the administration is the welfare of the Sudanese.

4. The abandonment by the British of responsibility for the life and property of foreigners in favour of the Egyptian Government.
5. The admission of Egypt into the League of Nations.

The Treaty was supplemented by the Montreux Conference of 1937 in which all the Capitulatory Powers were represented. The friendly attitude of Britain, the unimportance of the United States' interests, and Italy's desire to conciliate Islamic opinion left France as the sole defender of the Capitulations among the Great Powers.[1] Agreement was soon reached involving:

(*a*) The abolition of the legislative immunity of foreigners.
(*b*) The abolition of the fiscal immunity of foreigners.
(*c*) The suppression of the Consular Courts after 1949; the gradual Egyptianization of the Mixed Courts, and their suppression in 1949.

The Treaty and Montreux Convention were on the whole well received in the country and were passed by enormous majorities in Parliament. Opposition came mainly from certain independent politicians, the remnants of the original Nationalist (*Watanist*) Party and the fascist 'Young Egypt' organization, on the grounds that the Sudan had been sacrificed and that the military clauses imposed a crushing financial burden. On the whole, however, public opinion recognized the agreements as providing the best possible solution in the circumstances. The foreign residents in Egypt, on their part, raised no objection, realizing that the Capitulations had become an indefensible anachronism.

(B) PARLIAMENTARY POLITICS

As mentioned above, Egyptian parliamentary life has been very stormy. Between 1923 (when the Constitution was promul-

[1] Germany lost her Capitulatory rights in 1919.

gated) and 1942 there were no less than nineteen ministries. The Constitution has been modified, in 1930, and restored, in 1936. No Parliament has so far lived out its appointed term, several Cabinets have governed without a Parliament, and not one Cabinet has been thrown out by a hostile parliamentary vote.

Yet beneath this welter lies a remarkable degree of continuity. For all parties, whatever their labels, are composed of members of the same social group and are inspired by the same leading ideas. Mention has been made of the similar attempts made by the different party leaders to reach an agreement with Britain. But it is in internal policy that the continuity is most apparent. Government and Parliament consisting of landowners, all legislation has shown a marked bias in favour of the landed interest, though concessions have been made to the industrialists in the form of higher tariff duties and an unsympathetic attitude towards labour.

Examples can be taken from the slump period. The foundation of the Crédit Agricole benefited all landowners alike and was necessary on grounds of general interest. In 1931, however, Parliament voted £E1,000,000 for the relief of distressed landowners and another £E1,000,000 for mortgage loans to landowners. In 1933, a further £E1,000,000 was voted for helping landowners and yet another £E1,000,000 for attenuating the affects of the slump by reducing the *ghaffir* cess, the additional provincial taxes and the excise on rice.

It should be added that during this period Parliament reduced agricultural rents by up to 40 per cent in certain cases. This, however, merely recognized an existing fact, since cotton, the main cash crop, had fallen from $25.9 in 1928–1929 to $10.1 in 1931–1932, rendering the payment of the old rents quite impossible.

The tariff revision of 1930 benefited mainly the industrialists. At the same time, however, agriculturists sought to recoup their losses on cotton by imposing a stiff tariff on wheat and maize, raising local prices to twice the world level and penalizing the town workmen to the extent of several millions of pounds per annum.[1]

The next phase of parliamentary activity may be said to have been dominated by the mortgage debts settlement. There is no doubt that the fall in prices rendered imperative a reduction of these debts, but there is also no doubt that the successive reductions have been pushed beyond reasonable measure and that the main beneficiaries have been the large and medium,

[1] See *Chapter Five*, Section *H*, above.

not the small, landowners. The last settlement, in 1942, was particularly unnecessary coming as it did at a time of great agricultural prosperity.

The bias also came out clearly in connexion with taxation. The Land Tax was reduced from 28.6 per cent to 16 per cent while 12 per cent taxes were imposed on trade and industry. At the same time the proposed Estates Duty was blocked and has not yet been passed.

During the recent war the partiality of Parliament was unconcealed. Cotton was raised to twice its pre-war price and cereals to three times the pre-war level. In certain cases, for example wheat, the rise was justified by the desire to increase acreage to the fullest possible extent. But there was absolutely no justification for Parliament's reluctance to reduce the cotton acreage, for the benefit of cereals, until actual famine threatened and was only averted by a loan of grain from the British authorities. Nor was there any justification for imposing for rice a tariff price 25 per cent higher than that ruling in the market, and this in a year when the rice crop was a record one, greatly exceeding the country's requirements.

(c) EXTRA-PARLIAMENTARY ACTIVITIES

This selfishness, dimly realized by the public, and the nepotism shown by successive Governments have led to a growing dissatisfaction with Parliament and the formation of new groups unconnected with the main parties.

The first of these, the Socialist, can be briefly dealt with. There was a certain amount of activity between 1919 and 1924 and an Egyptian delegate actually attended the Moscow Congresses. Zaghlul Pasha's Government, however, countered it by stern measures; the leaders were imprisoned and, with the improvement of conditions and the return of political stability, the movement died away and, up to the outbreak of the last war, had shown no tendency to spread, except among a few intellectuals.[1]

The *Misr el Fatat*, or 'Young Egypt' (Greenshirt) fascist organization, had a more distinguished career during the nineteen-thirties. At one time its membership ran into tens of

[1] Since 1942, however, socialist ideas seem to have been spreading rapidly. How far this is due to the hardships inflicted on the middle class by war inflation and how far to the prestige of the Soviet Union, it is hard to say. Socialist ideas may even be spreading to the working class, whose skilled and unskilled labourers have benefited from the rise in wages due to army demand, and where the trade unions have considerably increased their strength.

thousands and its newspaper had a wide circulation, especially among youth—and it should never be forgotten that in Egypt youth has represented the vanguard of nationalism. The recent war brought it to an end but signs of weakness had already made themselves felt. In the first place, its ideology was never placed on an unequivocal basis. It was fiercely nationalist, but it was also Islamic. Its social outlook, in so far as it had one, was modelled on the fascist State. Secondly, it had associated itself too closely with German and Italian fascism. Prediction is dangerous, but it would seem as though, with the defeat of European fascism, this party may be considered as a spent force.

The place of the Greenshirts is being taken by the *Ikhwan el Muslimeen* (Moslem Brotherhood), which has a much wider membership, an efficient organization and a more definite ideology. The most interesting feature of this group is that it is definitely supra-national. Its basic principle is religion, not nation or race, and one of its leaders told me that he would feel as much at home in Iraq or Syria as in Egypt.[1] The object is to establish an Islamic State, rigorously based on the Koran except in so far as the latter has to be interpreted to allow of modern industrialism and science. It is interesting to note that the *Ikhwan* reject El Azhar as representing a debased clericalism incompatible with pure Islam. Here too the social outlook is vague but the reactionary trend is unmistakable.

The *Ikhwan el Muslimeen* will undoubtedly benefit from the recrudescence of interest in neighbouring Arab countries which is manifesting itself at the moment. But their fate, like that of all Egyptian movements, remains closely bound up with world developments.[2] The triumph of fascism between 1933 and 1941 strongly influenced Egyptian youth. Intransigent and aggressive militarism became the order of the day and there was much talk of fostering a military spirit. Even the *Wafd* was influenced to the extent of creating a paramilitary organization of Blueshirts.

The militarism may possibly pass away when it is realized that it is very expensive, that it cannot be indulged in by small nations and that even when practised by large nations it does not always pay.

The only other important tendency is the Islamizing trend centring on the Court, El Azhar and the *Ulema*, and certain

[1] Of all Egyptian parties this was perhaps the one which gave the most effective aid to the Palestinians between 1936 and 1939.

[2] At the present moment (May 1946) it seems as though the strength of the *Ikhwan* has greatly increased and its membership considerably widened.

sections of the upper class. This is not merely a religious revival, for Islam has always been as much a social system as a religion.

The abolition of the Turkish Caliphate in 1924 provoked a certain reaction in Egypt, but the Islamic Congress held in Cairo in 1926 was unable to arrive at any positive solution. Egypt was on the whole too preoccupied with the struggle for independence to be deeply moved by the question of the Caliphate and Ali Abdel Raziq's book on *The Caliphate and Principles of Government in Islam*,[1] which attributed to the Caliph purely spiritual powers and urged the replacement of this and allied concepts by those of the national sovereign State, may be said to have reflected a large section of enlightened opinion. It is interesting to note that the condemnation of this book by El Azhar led to a crisis between the King, who supported El Azhar, and his Liberal Constitutional Ministry.

The conclusion of the struggle for independence in 1936, and the advent to the throne in that year of a religious king, have strengthened this movement considerably. There has been talk of re-establishing the Caliphate, in favour of King Farouk. Religious festivities are observed more strictly by Court and Ministers. Encouragement is given to the *Ulema*, whose influence, rapidly declining among the educated youth of the towns, has been reinforced by the reform and re-endowment of El Azhar, and, in the villages, by the system of elementary education, which gives religious instruction first place in the curriculum.

These are the main political trends. There is no doubt that they are disappointing and that none go to the root of Egypt's problems. There is, however, a chance that the solution of the external problem and the growing social consciousness in Europe will turn men's minds to the necessary reforms, and that political parties will be formed on specific political, economic, and social issues.

As regards the form of government, it is clear that Parliament has not represented the people and that parliamentary government has been extremely disappointing. But it is not at all clear by what it should be replaced. The common opinion is that Egypt requires a benevolent despot, but no one has yet found the means of ensuring the benevolence of the despot, and his succession by an equally benevolent one. Perhaps the best advice in the circumstances is that of Cavour who said that 'The worst Chamber is better than the best ante-chamber'.

Most Egyptians would agree that during the periods of parliamentary government more liberty of speech was enjoyed than

[1] Cairo, 1925.

during those of dictatorships and that Parliament has often voiced complaints which might otherwise never have received publicity. The best course is to accept Parliament, with all its shortcomings, but to make it more representative by educating public opinion and ensuring the election of more progressive and independent members.

(D) CIVIL SERVICE

Local government may be mentioned in passing. The Provincial Councils and Municipalities have done some useful though limited work. The only exception is the Alexandria Municipality, which has shown much enterprise.[1]

The Civil Service deserves much closer study, since in Egypt all plans for reform inevitably look to the Government for realization.

The most striking feature is its enormous size. There are no less than 180,000 officials, excluding the Army, Public Works, State Railways and government industrial enterprises, and officials' salaries and pensions absorb about 30 per cent of the Budget. Comparison with other countries is very unfavourable to Egypt. True, some departments, for example certain sections of the Ministry of Health, are understaffed, but on the other hand there are many, especially the central offices in Cairo, where the work could be carried out by a half or a third of the numbers actually employed.

Another characteristic is the marked inequality in pay between the different grades. An Under-Secretary of State earns £E1,500 per annum, a grade VIII (clerical) official starts at £E72—and below him are grade IX officials, and those outside the cadre. This disproportion is much greater than that prevailing in most countries.

Thirdly, mention must be made of the prevalence of nepotism and favouritism. It has become quite usual for the Government to appoint[2] or promote a large number of its partisans or their relations and to retire political enemies—a feature which made a wit say that Egypt thus enjoys two complete sets of government officials, alternately succeeding each other. Automatic promotion having been suspended for reasons of economy, abuses have become flagrant. There are several hard-working and able officials who have not received a single increase for twenty years, and others who have been promoted three or four grades in the space of a few months.

[1] It is worth mentioning that Cairo does not yet have a municipality.

[2] Not a single government department holds examinations for the selection of officials.

The fourth feature is extreme centralization. No decision of consequence can be taken unless at least an Under-Secretary looks into the matter. One single example may illustrate the degree of centralization. The appointment of a candidate to a grade VI post (£E180 per annum) required the approbation of the Council of Ministers, because the young man did not hold an Egyptian degree. The fact that he had an honours degree from Oxford was regarded as not meeting the legal requirements.

As a result of all these factors the standard of efficiency, never very high, has rapidly deteriorated, more particularly during recent years. The cumbrousness of the bureaucratic machine was particularly apparent during the war in connexion with Egypt's very simple problems of supply.

Complaints are heard on every side, and there is no doubt that Egypt's most urgent reform is administrative. But not one of the parties has so far had the courage to tackle the problem in a thorough and unselfish way.

(E) LAW COURTS

Egypt's judicial system is almost incredibly complicated owing to the presence of numerous foreign and native communal courts. There are the Consular Courts which deal with personal status, with criminal cases in which foreigners are involved and with civil cases between foreigners of the same nationality. There are the Mixed Courts, which judge matters of personal status and civil and commercial cases between foreigners and Egyptians or between foreigners of different nationalities.

The situation is further complicated by the retention of the Ottoman practice of leaving matters of personal status to be dealt with by Communal Courts. Hence, in addition to the National Courts, which look into all civil, commercial and criminal cases between Egyptians, there are the Shari Courts, dealing with questions of personal status between Moslems, and different Maglis Milli (Coptic Orthodox, Coptic Catholic, Greek Orthodox, Greek Catholic, Armenian Orthodox, Protestant, Jewish, etc.) dealing with the personal status of their respective communities.

The confusions and conflicts of jurisdiction to which this complexity gives rise can be imagined. A first step towards unification is the suppression of the Consular and Mixed Courts, which will take place in 1949. But the abolition of the Communal Courts and their replacement by a civil code covering all matters of personal status, irrespective of religion, is equally urgent.

Chapter Thirteen

EDUCATION, LITERATURE, THE PRESS

'*Seek ye learning, even unto China.*'—*Hadith*

'*Egypt does not need new universities but universal elementary education.*'—*El Akhbar*, 28 April 1917

(A) EDUCATION

NO aspect of British policy in Egypt has been so severely criticized as its attitude to education. No sooner, therefore, was the struggle for independence over than Egypt embarked on a vast educational programme. The intensity of the effort displayed may be gauged from the fact that the budget of the Ministry of Education rose from £E525,000 in 1914 to £E4,438,000 in 1939 and the number of pupils in Government primary, secondary, and higher schools from 15,000 to 232,000. Nevertheless, there is much dissatisfaction with the results so far attained. It may be fairly said that Egyptian educationists have been no more successful than their British predecessors in providing either a highly educated class or a tolerably educated mass; but this is not surprising when the magnitude of the task is taken into consideration.

Primary, Secondary and Higher Education

The causes of the low level of primary, secondary and higher education are complex. They are: (i) the hot weather, which reduces the working capacity of pupils, most of whom have poor health and are undernourished; (ii) the frequent changes of educational policy with the change of Ministers; (iii) the deadening effect of a rigid centralization which prescribes exactly the same curriculum and text-books for every single school; (iv) the overcrowding of the curriculum—secondary-school children study no fewer than 16 subjects and have 39 fifty-minute periods per week;[1] (v) the disproportionately large place allotted to language study—in primary schools 50 per cent, and in secondary schools 60 per cent, of the time is devoted to Arabic, English and French, and it should not be forgotten that classical Arabic is so different from Egyptian colloquial as almost to constitute a foreign language; (vi) the

[1] Boktor, *op. cit.*, p. 125.

importance given to examinations and their rigidity—failure in one subject involves failure in the whole examination—and the consequent reliance on cramming; (vii) the bad effects on discipline of the numerous student incursions into politics.

But all these factors are overshadowed by two social ones: the poor quality of teachers and the absence of family life. The problem of teachers is still as acute as in the time of Mohammed Ali. Government teachers are officials and consequently much prefer the administrative posts of the Ministry of Education, where the chances of promotion are greater, to teaching posts. Their lack of interest leads to aloofness from pupils and parents and a minimum of contact outside school hours. Those who are keen on the job are soon chilled by the centralization which prescribes not only the subject and text-book but even the pace at which the book must be read.

As for the absence of home life, its importance can hardly be over-estimated, for what a child learns at school is as nothing compared with what he learns at home. A state of society is conceivable in which education is entirely divorced from the home, but the present system of education presupposes a rich family life, which in Egypt, unfortunately, does not yet exist on a large scale.

The combined effect of all these factors is that the Egyptian schoolboy finds himself severely handicapped when he tries to follow a course at a European university, and only finds his level after a year or two of hard work. The Egyptian University too is completely handicapped by the poor quality of its entrants. No expense has been spared to attract such world-famous professors as Ricci, Bresciani-Turroni, Lalande, Hocart, Duguit, Pintor, etc., but these men had either drastically to lower the level of their lectures, or else remain unintelligible to their audience. A well-known scholar, an authority on Romance languages, imported at great expense, began lecturing on *Tristan and Yseult* but, faced with uncomprehending looks, soon realized that he would be more usefully employed dictating easy French prose and correcting spelling mistakes.

This is not to deny that the University has produced some quite remarkable men, but to point out that a general improvement in the standard of university men can only come about if the problem is tackled much lower down—in secondary and primary schools—and if standards of admission and graduation are considerably raised.

But the real problem only begins with graduation. Egypt is turning out every year several thousand educated young men of whom only a fraction can be absorbed in technical or clerical

jobs. White-collar unemployment now runs into five figures, and the opening of a new university in Alexandria, as well as the projected one in Assiut, will only aggravate matters as long as the present economic and social conditions remain unchanged and low standards prevail.

Female Education

Here the results have been much more satisfactory, both quantitatively and qualitatively. Not only has the number of girl pupils in the above-mentioned schools risen from 500 in 1914 to 83,000 in 1939, but all observers agree that the Egyptian schoolgirl compares very favourably with the schoolboy. Girls have been admitted to the universities and have distinguished themselves in many branches.

On the whole, opinion is very well disposed towards female education. Even the most reactionary circles do not deny its necessity—it would be difficult for them to do so, with their memories of childhood—though they maintain that it should be restricted to such subjects as religion, morals and housekeeping, and that girls should never be allowed to attend the same courses as men. However, up to the present, the trend has been towards a progressive enlargement of the scope of female education. A new generation is growing up whose influence on future developments will be incalculably good.

Private Schools

Little need be said about Egyptian private schools, which contain some 320,000 pupils. The better ones receive a grant from the Government provided they conform to certain standards. Their curriculum is closely modelled on that of the Government, but their standard of teaching is, with few exceptions, lower.

The foreign schools, with 78,000 pupils, are much more important, having trained a large proportion of the upper and middle classes. Their services in the field of female education can be appreciated if it be recalled that, in 1938, there were no less than 41,000 girls in foreign schools, against 37,000 boys.

French schools, of which there are 190, are still the most important but are being caught up by the British schools, whose influence is greater than their number, 49, would suggest, owing to the fact that they cater for the richer sections of the population. The American schools have also played an important part, especially among the Copts of Upper Egypt. The Greek and Armenian schools address themselves almost exclusively to

their respective communities, but the Italian schools had a few Egyptian pupils.

It is agreed that the educational value of the foreign schools is much greater than that of the government schools. Nevertheless, there has been a strong drive against them in the last few years based on motives both religious—since most of those schools are missionary—and nationalist—since teaching is carried out in foreign languages and has little connexion with Egyptian life or problems. There is no doubt that an adaptation as regards language, history and geography is necessary and many foreign schools have already gone a long way in this direction. The religious problem is more difficult but should not prove incapable of solution, and it is well worth solving in view of the undoubted value to Egypt of the foreign schools.

Popular Education: Elementary Schools

The Constitution enacts that education must be made free and compulsory for all children between 7 and 12 years of age. In pursuance of this programme elementary schools (mostly reorganized *kuttab*) have been opened and are attended by some 1,000,000 pupils or about 40 per cent of the children between the above-mentioned ages. The schools are open to boys in the mornings and to girls (whose number is half that of the boys) in the afternoons. Most of them are supervised by the Provincial Councils.

Egypt thus has a dual system of education: primary, secondary and higher schools for the well-to-do; and free elementary education for the mass, more particularly in rural areas. The latter has been the Cinderella of education, owing to fears that to educate the peasants may lead to a rural exodus.[1] This has been reinforced by a desire to reserve the greatest possible amount of money for secondary and higher education. The Ministry of Education has forgotten that 'public education stands or falls with the elementary school',[2] and whereas 'in England for every pound spent on higher education four are spent on elementary education; in Egypt for every pound spent on elementary education two are spent on higher education'.[3]

Elementary education is concerned solely with the four R's (religion being the fourth). Pupils who finish their course can enter neither secondary nor even technical or vocational schools.

[1] Boktor, *op. cit.*, pp. 153–5.

[2] Iraq Education Commission, quoted by Boktor, *op. cit.*, p. 155.

[3] Report by the British expert Mr. F. Mann, published in 1932. Since that date the proportion has become somewhat more favourable to elementary education.

But regarded merely as a means of stamping out illiteracy, it is both slow and costly compared to a nation-wide drive among adults such as has taken place in the Soviet Union.

El Azhar and Religious Schools

These schools contain 14,000 students. Although the curriculum has been somewhat improved, methods of teaching and the general atmosphere are reminiscent more of medieval than of modern times. There is still scope for vast and radical reforms in this world centre of Islamic learning.

Educational Reforms

The whole educational system has been subjected to strong criticism. It is claimed that the products of secondary and higher schools are unfit for any but clerical jobs, while elementary schools are either entirely valueless or, in so far as they do exert an influence, merely unfit boys for agricultural work. It is clear that Egypt's educational system is far from integrated in her social structure.

As regards primary and secondary schools Egypt should follow the trend evident in Europe and America, towards more practical and socially useful work. Agricultural work should take a prominent place in rural or provincial schools, biology, chemistry, drawing, geometry and arithmetic being woven round it as far as possible. In the towns industrial work could replace agricultural work. It is practically certain that such courses would be keenly enjoyed by the pupils and have a much more formative influence on them than the present ones.

But this transformation entails a drastic curtailing of many subjects. Several of these, such as ethics, civics, psychology and economics, are of practically no use to boys of fifteen or sixteen. The only way to develop a civic or moral sense is by extra-curricular activities such as games, clubs, house rivalries, socially useful work, etc., and by making the school the centre for village or district social welfare activities.

Another branch which needs pruning is languages. Three languages are more than most boys can learn and the third is practically wasted. Pupils should confine themselves to one foreign language—English or French, though in the larger towns certain schools might be able to offer German or Russian as alternatives.[1] Even more important, drastic reforms should be introduced in the teaching of Arabic, which at present is

[1] This does not exclude a certain diversity in curricula which would allow pupils to concentrate more heavily on languages if they wish to do so.

antiquated and cumbrous and involves a fearful and quite useless strain on the memory. Arabic syntax is simple and logical; it is the grammar which is complex, but a boy of thirteen need not, and indeed cannot intelligently, enter into the many grammatical details.

As for elementary education, many prominent writers have suggested its complete abolition and the extension of primary education to cover all classes and regions. Others, such as Hafez Afifi Pasha and Dr. Taha Hussein, without going so far, advocate a raising of the standard of elementary schools and an extension of their scope which would bring them very close to the primary schools.

The reform would naturally have some difficulties to overcome. First, there are not enough trained teachers—but this problem must inevitably be faced, whatever the kind of school, if nation-wide education is to be provided in a reasonably short space of time; moreover, great use could be made of the cinema and radio, thus reducing the need for very specialized teachers. Secondly, expense would be increased—but expenses could be reduced by trying out-of-doors classes. In addition, the budget of the Ministry of Education could be appreciably increased if fees were raised in secondary schools and universities, a means test and numerous scholarships being adopted for the benefit of the poorer classes; as it is, the State subsidizes the education of many thousands of students whose parents could well afford to pay high fees.

But the most important problems are social; for, if the only result of the reform is to render boys unfit for agricultural or industrial work, it is better done without. Fortunately, there is no reason to believe that an educated farmer is less efficient than an illiterate one—the whole prosperity of Denmark, a country poor in natural resources, is built on the high cultural level of its inhabitants. As for workmen, it is evident that modern requirements demand a good educational grounding. But perhaps the best answer is that of Hafez Afifi Pasha, who points out that if the present results of education have been to lead boys to despise manual work that is only because, educational facilities being very restricted, boys who have been to school regard themselves as a privileged class. Once education becomes universal, no one will consider that a primary or secondary certificate gives him any privilege over others or frees him from manual work.

Clearly Egypt is irreversibly moving towards universal education. The swifter the process and the shorter the period of transition the lighter will be the social strains involved.

(B) LITERATURE

The tone of Egyptian literature during the early nineteen-twenties was very different from that during the late nineteen-thirties. During the former period it was confident, liberal, westernizing and secular; during the latter pessimistic, reactionary and Islamizing, turning away from Europe towards an idealized past.

Egypt still closely follows European trends, with a certain time-lag. Hence it was natural that the wave of pessimism, lack of confidence and fascism which was set in motion by the war of 1914–1918 and the post-war slumps should cover Egypt. When European thinkers wrote about the 'Decline of the West' and poets cried out 'Wreck the great guilty temple and give us rest', it was natural that the colonial peoples should cry back 'Babylon is fallen, is fallen, that great city' and conclude that their own past offered a stabler and more valuable heritage. The anti-European movement in Islam has its counterpart in India.

But in addition there are certain local factors. Egypt entered on her age of independence flushed with victory and confident that self-government and national education would solve all her problems. The fall in cotton prices and rise in population, leading to general impoverishment; the bitter and fruitless constitutional struggles; the disappointing results of education and growth of white-collar unemployment; all this has fanned the flames of pessimism, reaction and anti-Europeanism(since it was much easier to fasten the blame on alleged European corruption than squarely to face Egypt's social problems).

Illustrations of this change are abundant. The period of the nineteen-twenties was dominated by the fiery and often revolutionary speeches of Zaghlul; by the critical writings of Taha Hussein on pre-Islamic poetry; by Ali Abdel Raziq's book on the Caliphate; by Salama Musa's bold essays on socialism; by the liberal articles of El Siyassa. The later nineteen-thirties were dominated by a series of books on the Prophet Mohammed and early Islam, by the escapist and obscurantist works of Tawfik el Hakim, by the pessimistic if trenchant short stories of Salah el Din Zohni, and by a host of fascist hacks. Even such veteran liberals as Haikal, Taha Hussein and Akkad were swept along by the general trend and considerably modified their approach or even went back completely on their earlier writings or else, like Mansur Fahmi, observed a complete silence.

A thorough and comprehensive survey being impossible for reasons of space, the following account is confined to three of the

leading writers: Taha Hussein, Tawfik el Hakim and Ibrahim el Masri.

Born of a poor peasant of Upper Egypt, blind since early childhood, a graduate of El Azhar and of the Sorbonne, and for many years Dean of the Faculty of Arts in Cairo University, Taha Hussein is the most outstanding figure in the contemporary Arabic world of letters. In his *Qadat el Fikr* ('Leaders of Thought') he pointed out the difference of mentality between the ancient East and West—the former absorbed in religion and producing great prophets, the latter excelling in rational speculation and giving birth to great philosophers. The main mission of his own life has been the westernization of the Arab world.

His first, and most radical, attempt was in *El Shir el Gahili* ('On Pre-Islamic Poetry') which represented the first application by a Moslem of Western methods of literary criticism to the Koran and pre-Islamic poetry. In it he appealed to literary critics to reject all but purely scientific criteria and free themselves from the age-long religious yoke which has weighed down Arabic literature. He himself led the way by declaring that 'truths of faith' were very different from 'scientific truths' and that, though as a Moslem he believed in the existence of Abraham and Ishmael on the authority of the Koran, as a historian he was forced to declare that there was no evidence for their existence.

The storm aroused by this book forced the author radically to revise the second edition, cutting out the more critical passages. His next important book, *El Ayyam*,[1] is a whimsical autobiography full of gentle raillery against village life and El Azhar. *Ala Hamish el Sira*, the first part of which appeared in 1936, was an attempt to conciliate orthodox opinion by relating, in beautiful archaic prose, some of the legends centring on the Prophet.

In his latest socially significant book, *Mustaqbal el Thaqafa fi Misr* ('The Future of Culture in Egypt'), Taha Hussein carefully avoids religious issues. El Azhar is vigorously attacked in several places, but only as an educational institution trying to compete with Cairo University. He once more, however, restates his westernizing sympathies. Dividing mankind into East and West he attempts to show that the Egyptian mentality is much closer to that of Europe than to that of say China or India. Egypt is above all a Mediterranean country and has been formed by the same combination of factors as other Mediterranean countries: Greek thought, Roman laws and

[1] Translated into English as *An Egyptian Childhood*.

Semitic religion (in her case Islam, not Christianity). Even her historical vicissitudes are similar to those of Europe, with the Turks playing the part of the barbarian villains who destroyed the Roman civilization. And if Egypt's past is linked to that of Europe her future is still more closely bound to Europe's future.

Taha Hussein's social views are advanced. For him democracy is not a dead political dogma, but an active principle which must secure to all 'life, liberty and peace', and he is careful to point out that to guarantee life is a mockery unless means of living are provided. He does not work out the implications of this except as regards education.

If Taha Hussein is the most prominent figure in the Egyptian world of letters, Tawfik el Hakim is probably the ablest. From the technical aspect his novels and plays represent the maturest production of Egyptian literature. This renders the more dangerous his undoubted obscurantist and reactionary tendencies.

His first novel, *Awdat el Ruh*[1] ('The Return of the Soul'), written in 1927, describes the national revolution of 1919 and to a slight extent reflects revolutionary ardour and fraternity. Women play their part beside the men; servants are consulted by their masters.

But the cloven hoof comes out clearly. The deepest urge of the Egyptian soul is said to be the quest for the adored one, for whose sake no sacrifice is too great. 'I am certain that the thousands who built the Pyramids were not forcibly driven, as Herodotus in his ignorance supposes, but streamed to work singing the song of the adored, as their descendants to-day when harvesting the crop. . . . They contemplated the blood flowing from their sides with a joy not less than that with which they contemplated the wine poured out before the adored.' The same pseudo-mysticism characterizes his description of the *fellah*, 'with the sediments of ten thousand years of knowledge and experience in his soul', moved by his love of all living beings 'to live with his wife and children, his cow and ass, all in one room in spite of the spaciousness of his house', and 'immunized by his age-long civilization against the specious and corrupt equalitarian doctrines of the Russian philosophers'.

His next novel, *Yawmiyyat Naib fil Aryaf*[2] (1937), shows little of that mysticism. It is the realistic description of the disgust felt by an educated government official at the filth and squalor

[1] Translated into French as *L'Ame retrouvée*.

[2] Translated into French under the title *Journal d'un Substitut de Campagne*.

of the Egyptian countryside. And just as Albert Cossery's *Les hommes oubliés de Dieu* is the truest and most poignant picture of the misery of Egyptian towns so is the *Yawmiyyat* the truest picture of the misery of the countryside.

This work might well have formed the starting-point of a powerful integrated literature, recalling that of Ignazio Silone. Tawfik el Hakim preferred escapism and still deeper pseudo-mysticism. He describes himself as the inmate of an 'ivory tower', he has declared himself a misogynist and advocated polygamy. In his *Asfur min el Sharq*[1] (1938) he not only repeats his statements regarding the deeper wisdom and civilization of the Egyptian working classes, compared to the European, but contrasts the materialism of Europe with the mysticism and spirituality of the East. The following quotation illustrates his spirit:

'The East has undoubtedly solved the problem of riches and poverty. The prophets of the East have realized that equality cannot exist in this world and that it is not possible to divide the Kingdom of the Earth between rich and poor. They have therefore taken account of another factor, the Kingdom of Heaven. . . . Had these principles and beliefs continued to prevail, the world would not have been the fiery furnace it is to-day. . . . But the West too wished to have its prophets, who would examine the question in a new light—a light issuing from the dark bowels of the earth, not from heaven. . . . Wishing to bring about justice on earth they divided the earth between men, forgetting heaven. What happened? Men flew at each other's throats and classes began butchering each other in a mad struggle for the earth.'

Less well known than Taha Hussein and Tawfik el Hakim, Ibrahim el Masri deserves mention as the first approach in Egypt to the tendency which has come to be known in England by the convenient, if somewhat absurd, name of 'New Writing'. This tendency has come out much more strongly and consciously in a group of young writers centring on the monthly *El Magalla el Gedida*.

In many ways Ibrahim el Masri and the *Magalla* group provide a refreshing contrast to the old-established writers. For one thing they understand contemporary trends of European literature very clearly, whereas the older writers, most of whom are of French culture, tend to assume that Renan and Anatole France have said the last word on most subjects. For another, hey have an affirmative view of life coupled with a keen perception of the social function of literature. Their social and political views are advanced and they have generally adopted

[1] Translated into French as *L'Oiseau d'Orient*.

towards the issues of the nineteen-thirties the same attitude as the leading European writers of the left. More important, perhaps, in a country where so much nonsense is written regarding the difference between Eastern and Western mentality, they insist that differences of race or culture are not as significant as those arising out of different social functions and modes of living. Thus the Egyptian *fellah* is closer to the Indian *ryot*, and the Egyptian pasha is closer to the Indian rajah, than are the pasha and *fellah* to each other.

It cannot be said that these writers have as yet incarnated their views in any outstanding fiction on Egyptian subjects, though Ibrahim el Masri has produced some interesting plays, notably *Nahw el Nur* ('Towards the Light'). But by their essays and articles they have put before the Egyptian public many vital new ideas which may profoundly affect literary developments.

(c) THE PRESS

Rightly insisting on the paramount rôle played by the Press in a country where many readers are too poor to buy books and where political and religious polemics are perennial, the authors of *L'Egypte Indépendante* have given an excellent account of the historical development of the Egyptian Press and a descriptive list of all the newspapers published in Egypt. Here we can only draw attention to certain aspects of structure and tendency which they have omitted to mention.

Neglecting the foreign papers, whose function is to defend foreign interests in general and those of finance and commerce in particular, as well as to spread their national culture, the main division is between party papers and *journaux d'information*. The party papers, including even *El Wafd El Misri*, the organ of the *Wafd*, have a very small circulation compared with *El Ahram*, the leading neutral daily, with a pre-war circulation approaching 100,000, or even *El Moqattam*, the most important, if declining, evening paper.[1] The main feature of these latter papers is the large amount of space devoted to foreign news and the studiously colourless tone in which local politics are mentioned. *El Misri*, with a circulation of 50,000, occupies an anomalous position, since its foreign service is almost as good as that of *El Ahram* while its internal policy is directed by the *Wafd*, whom it does not, however, invariably feel itself bound to obey.

The weekly or fortnightly papers are of three kinds: satirical

[1] The recently founded *Ikhwan el Muslimeen*, organ of the *Ikhwan el Muslimeen* party, is, however, reported to have a large circulation.

illustrated party papers written partly in colloquial, such as *Rosa'l Yusef* and *Akher Saa*; pleasantly illustrated and entertaining, if empty, magazines run for purely commercial motives, such as *El Musawwar* and *El Itnein*; and organs of non-party political, economic or social opinion. The latter range from the radical *El Magalla el Gedida* and the literary *El Thaqafa* to the fascist *El Kefah*, the conservative Moslem *Nur el Islam*, and finally *El Ansar*, the organ of the most intransigent Islamizing party. An interesting, though little-known, weekly review was *El Shura*, which, owing to its pan-Islamic and anti-imperialistic opinion, found readers in all colonial countries between Java and Morocco.

The monthly reviews, notably *El Muqtataf* and *El Hilal*, have done much to spread Western culture, as well as a better knowledge of Arab history, among the reading public. With them should be mentioned the specialized medical, legal, economic, technical and agricultural journals, often published in a European language.

The structure of the Press shows wide differences. A large part of the foreign Press is controlled by the Société Orientale de Publicité, which not only owns the two English and two of the leading French dailies, but also influences many others through its advertising service. In the Arabic sector, there is the Hilal group, specializing in monthly and weekly magazines, the Moqattam group, and the Ahram and Misri organizations. The political papers are directly financed by their party organizations. The others are very small concerns, the proprietor being generally in charge of the editing as well.

For a long time the Egyptian Press was largely controlled by Syrians. This may still seem to hold true since the leading dailies, *El Ahram*, *El Moqattam* and *El Basir*, the leading weekly *El Musawwar*, and the leading monthlies *El Muqtataf* and *El Hilal*, are owned by them. But although much of the editing is still done by Syrians, the tendency is for these papers to be increasingly staffed by Egyptians, who are at present doing most of the actual writing. It should be added that the Syrians have always been very careful not to give their papers any communal or denominational tone which might in any way distinguish them from purely Egyptian papers.

The authors of *L'Egypte Indépendante* end their book with a eulogy of the Egyptian Press and although it must be admitted that certain sections of the Press are very venal, and many more extremely scurrilous, one can concur in their judgement that: '*ce pays, par ses seules ressources, dans ses propres forces morales, trouve les moyens de se constituer une presse digne de se mesurer avec*

celles de bien d'autres, et dont l'influence réelle surpasse celle de certaines grandes puissances'.

(D) LANGUAGE AND CULTURE

In contemporary Arabic literature problems of form are almost as important as those of matter. For there is no doubt that the cultural progress of the Arabic-speaking countries has been slowed down by technical difficulties of construction and style.

Those of construction arise mainly from the fact that although story-telling has always been popular among the Arabs, resulting in such collections as *Kalila wa Dimna* and the *Arabian Nights*, no attempts were made to write plays or novels entailing character studies centring on a plot. Hence the moderns have found no indigenous tradition and have had to follow in the footsteps of the West. It may, however, be claimed that these particular problems have been solved in the main. No one who reads Tawfik el Hakim's *Yawmiyyat Naib fil Aryaf* or Salah ed Din Zohni's short stories can deny the presence of mature well-knit modern Egyptian fiction. Drama, however, is still backward, the most promising development being perhaps the farcical comedies of Nagib el Rihani, which faithfully portray the life and mentality of the Egyptian petty bourgeoisie and which are written entirely in colloquial Egyptian.

The difficulties of style arise mainly from the difference between spoken and written Arabic, a difference considerably greater than that prevailing in European languages. For whereas spoken Arabic has varied widely over time and space, written Arabic has remained remarkably close to classical Arabic, owing to the grip of the classics and, still more, to the fact that Arabic is the language of the Koran in the very strict sense that no translation of the Koran may be carried out.

This rigidity of language has rendered a great service in preserving the cultural unity of the Arab world. An educated Egyptian can understand and make himself understood by an educated Iraqi or Moroccan and the article he writes will be read with the greatest ease in Baghdad or Casablanca. But on the other hand, it has promoted an archaic outlook which has greatly hindered the assimilation of foreign cultures and adaptation of style to suit modern requirements. There is surely something strange in the fact that the rightness or wrongness of a word or expression is still decided by referring to the pre-Islamic poets.

The problem of language is best dealt with in connexion with

the general problem of westernization. The following salient points should be kept in mind.

First, the inadequacy of the Arab cultural heritage to form the basis of an intellectual and spiritual revival. This is not to deny the literary value of Arabic poetry, especially in lyric and elegy, with its haunting and varied rhythms and its incomparable range of sounds appropriate to each shade of description, or of the terse and resonant Arabic prose. It is not to deny either that the Koran and other religious texts contain passages of deep spirituality. But it is to affirm that Arabic contains no real equivalent to that of European literature, ranging from such extremes as Voltaire's *Candide* and Bacon's *Essays* on the one hand to Pascal's *Pensées*, Tolstoy's novels and Kropotkin's memoirs on the other, in which are analysed the fundamental problems of man, psychological, moral, social and cosmic. The fundamental cause of this absence is probably the fact that the Arab world was never subjected to the full humanizing influence of Hellenism, whose effect was restricted to such fringes as the natural sciences, logic and metaphysics, without greatly affecting the more vital fields of religion, morals, art and literature. But whatever the cause, it is certain that only to the West can the Arab world turn to-day for spiritual and intellectual light.

This means not only the adoption of Western technique and scientific methods, but even more the assimilation of the cultural heritage of Europe. It is necessary to stress the word assimilation, for already there is too much unreflecting imitation. A popular Egyptian song begins with the opening chords of Beethoven's 'Fifth Symphony', and other Western themes have been similarly plundered and incorporated. The residential quarter of Heliopolis contains in the space of less than one square kilometre villas and blocks built in the following styles: Arab, Moorish, Hindu, Venetian, Greek, French Renaissance, Roman, bungalow, ultra-modern and nondescript. It is not by such means that Western culture can be acquired.

The difficulties of assimilation are enormous. In addition to the fact that the whole structure of European languages and ways of thought are foreign to the Arab mind, there is the difficulty that Arabs must simultaneously absorb the often conflicting moods and values of such different phases as Classicism, Renaissance, Romanticism and Modern Scientificism, to mention only the main divisions.

The second cardinal point is the retention of the Arabic language as a medium of expression. For one thing the almost idolatrous love of Arabs for their rich language precludes any

change. For another there is no fundamental weakness or deficiency in that language which incapacitates it from absorbing Western culture just as previously it absorbed a considerable amount of Greek and Persian culture. Moreover, the last hundred years have witnessed a rapid evolution of the language, not only by the adoption and coining of new terms[1] but also by the modification of syntax and style. To-day, Arabic, as written by the leading men of letters and journalists, is at once much more supple and much nearer colloquial Arabic than was classical Arabic. A further adaptation is necessary with the twofold aim of rendering Arabic more capable of reproducing Western thought and bringing it closer to the spoken tongue. This can only be done by persons steeped at once in European culture, the Arabic classics and the vernacular.

Naturally such an attempt runs the danger of degenerating into Levantinism—an imperfect acquaintance with two or three languages and cultures without the complete assimilation of any. But the danger, though great, must be faced if the Arabic language is once more to take the step which in the past enabled it to absorb Greek science and metaphysics.

One last point remains, regarding script. At a time when the inadequacy of the Latin script to meet the needs of English phonetics is being stressed[2] it is most inopportune to seek to apply it to the much more alien Arabic sounds, particularly as the Arabic script is more convenient to write than the Latin. But certain reforms are necessary such as the adoption of signs to distinguish capital from ordinary letters and the substitution of vowels for the, at present, unwritten vocalization marks.

[1] Not so much by the recently founded Academy, whose terms tend to be pedantic in the highest degree, as by specialists working in the different branches: economists, engineers, doctors, etc. Another kindred phenomenon, which deserves closer study than has been so far given it, is the growth of an industrial jargon among the workmen themselves, formed by the transposition into Arabic of English, French, and Italian terms. Some of them such as *warsha* (workshop) and *fabrika* (fabrica) have already passed into the written language; others such as *shakman* (échappement) and *farwil* (free wheel) are still in the oral stage. Perhaps the most picturesque of all is the rendering of 'billes de roulement' as *habb el roumman*, literally 'pomegranate seeds'.

[2] See, for example, a letter by Bernard Shaw to *The Times*, 14 April 1941.

Chapter Fourteen

PROBLEMS AND REMEDIES

'*For every ill there is a remedy.*'—*Arabic Proverb*

'*Generally speaking, the countries with a relatively small farm population are the countries with the highest standard of living, both in the towns and on the land.*'—*D. Warriner*

IN the preceding chapters several specific problems have been raised and reforms suggested. This chapter will be devoted to Egypt's basic problems, those of poverty and over-population, on the solution of which any economic, social, political and cultural progress must depend.

Although inextricably bound up together the two problems are distinct. Egypt's main difficulties during the last twenty years are attributable to a fall in money and real income, which the growth in population merely made more acute, and it is this aspect which must be first discussed.

Egypt's prosperity was built on cotton and the fall in cotton prices after 1926, accelerated in 1930, dealt her a rude blow. Adjustment was eventually reached but only at the cost of a severe reduction in imports and an appreciable fall in the standard of living.

The alarming thing about this slump, however, is that it seems destined to last. Cotton is one of the raw materials whose production has expanded most in the last twenty years, especially in the Soviet Union, China, Brazil and British Africa—not to mention recent Japanese attempts in South Eastern Asia, which may strike root and outlive the Japanese occupation. As a result the three 'old' producers—the United States, India and Egypt—which before 1914 accounted for over 93 per cent of world production—provided in 1938 only 68 per cent.[1] As regards Egypt, the problem is further aggravated by the development in other countries of many long staple varieties which threaten her old monopoly, notably Sudan Sakel, Pima and S x P.

Nor does the matter end here. The development of synthetic fibres on the continent of Europe has been greatly accelerated by the events of the late war, since the timber exports of Northern Europe, previously absorbed by Britain and the United States, had gone entirely to Germany and provided her with abun-

[1] Anhoury, *op. cit.*, p. 607.

dant stocks of cellulose. Even more ominous for Egypt is the production of nylon on a commercial scale, since this fibre may cut into many of Egyptian cotton's most valuable markets.

Clearly then, apart from a possible post-war boom which will, however, be neither violent nor prolonged, in view of the large stocks awaiting marketing, there is little prospect of an improvement in cotton prices, and Egypt must enter other fields of activity if she is to improve, or even maintain, the standard of living of her growing population.

At this point it is convenient to turn to the question of over-population. Three distinct senses of the word may be distinguished:

Absolute over-population—i.e. the population has outrun the means of subsistence and cannot be adequately maintained on the country's resources.

Organizational over-population—i.e. part of the available labour force is permanently unutilized, or only partially utilized, and could be dispensed with by organizational adjustments involving no change of technique.

Technical over-population—i.e. part of the labour force could be dispensed with by introducing a new technique, entailing capital investment.

In Egypt it is possible that there is no absolute over-population. Everything depends on cotton prices; but it is arguable that, in normal times, Egypt's production (if equitably shared out) suffices to ensure her inhabitants adequate food and clothing, though hardly more, and certainly none of the amenities of life.

As regards organizational over-population the problem is more difficult to answer. An experiment carried out near Cairo by the American College is suggestive, since 95 feddans, producing the normal crops, were adequately worked by only eight families. Of course large farms permit of economies of time which are not possible on small farms, except where co-operative methods are pushed very far, but the experiment seems to suggest that the present output, or something closely approaching it, could be produced by not much more than 1,000,000 families, or about half the present rural population of Egypt.[1]

Finally, there are possibilities of mechanization, involving a further reduction in the required labour force. It is true that cotton does not lend itself readily to mechanization and that the small-scale farming pursued in Egypt is a further great obstacle, but were it not for the extreme cheapness of labour

[1] Estimated at 11,800,000 in 1937.

much more would have been done in that direction. An event which may have considerable influence on Egypt's economic development is the recent breeding in the United States of a new variety, 'B 6', specially suited to mechanical picking.

Clearly then, there is a large, though not exactly ascertainable, surplus rural population whose presence on the land serves little productive purpose. In the towns over-population takes the form of under-employment, manifested by the thousands of newspaper hawkers and lottery vendors.

A partial solution is to be sought in internal and external emigration—to the sparsely peopled North of the Delta and, more important, to the Sudan or Iraq where geographical and agricultural conditions are very similar to those of Egypt, as are also the language spoken and religion professed. But in addition there is much to be said for raising the legal age of marriage and for birth-control propaganda, aiming at having fewer but healthier and longer-lived children. It has been said that the peasants' religious beliefs and way of life rule out birth control. But, first, there has not been any formal ruling on the question from the *Ulema* or any other authorized Islamic body; and secondly, it is well known that peasant women prolong lactation in the hope of decreasing pregnancies and, when this fails, practise the most primitive and dangerous forms of birth control and abortion, often resulting in death. Clearly opposition to birth control comes not from the masses but from the ruling classes, who desire a more abundant and cheaper labour supply. It is surely significant that the 1935 Commission on the reduction of costs of cotton urged the Government to take measures to stop the fall in the rate of growth of the population, on the ground that this was prejudicial to agriculture.

But birth-control methods are both negative and slow—the effects of birth control in England, for example, where it began to spread in the eighteen-nineties, are only just beginning to affect the size of the population. A more positive solution is necessary, if only to bridge the interval.

Industrialization has not been mentioned as an outlet for the surplus rural population for the good reason that, in poor countries such as Egypt whose industries cannot hope for an export market, industrialization cannot even absorb the increment in population, let alone the rural surplus. But industry has a vital part to play in the Egyptian economy. For, except in sparsely-peopled countries of extensive cultivation, such as New Zealand or Argentina, it is impossible to attain a decent standard of living on agriculture alone. The main reason for the prosperity of Western European agriculture,

compared to that of the Balkans, is that the former produces for an internal or external industrial market.[1] Agriculture can only be prosperous if it is integrated in an industrial system which at once draws off its surplus labour and buys its produce. It is significant that the prosperous 'agricultural' countries (Switzerland, Holland, Denmark, Germany, France) are those in which at least half, and generally considerably more, of the population is engaged in urban occupations.

By what then is the expansion of Egyptian industry limited? Partly by shortage of skilled labour—for although unskilled labour is superabundant there is a lack of skilled workmen, partly by the absence of raw materials—though the development of mining and the abundance of certain agricultural raw materials, for example cotton, leather, dairy and vegetable produce, should permit the development of many important branches, but mainly by the shortage of available capital and an internal market.

The question of capital is not insuperable. On the one hand, before 1939, local capital was taking an increasing interest in industrial investment. On the other, by the end of the second world war, Egypt had accumulated a sterling balance of perhaps over £E400,000,000, a fraction of which would provide a large industrial equipment. Finally, there is no reason why foreign capital should not be invited to participate in the expansion of industry.

But at this stage it is necessary to raise the question of profitability. For if investment in industry is unprofitable, new capital will seek other outlets, such as irrigation works and land reclamation or even the purchase of foreign securities. But profitability depends primarily on the market, to which we must now turn.

Clearly, unless there are possibilities of production for export —and in Egypt there are no such possibilities, at least for a good time to come—the pace of industrialization is set by the size of the rural market. As long as Egypt has a semi-feudal rural economy, and as long as the needs of the mass of her inhabitants for industrial goods are limited to a few gallons of kerosene, a few kilograms of sugar, a few yards of cotton cloth and a few pounds of tobacco, there is no scope for a modern capitalist industry. As it is, the present inequality of land distribution deprives industry of even the patronage of the rich, who prefer to buy foreign goods.

[1] There are, of course, other factors, such as the more abundant rainfall in the West, which favours root crops and livestock breeding. See D. Warriner, *Economics of Peasant Farming*. (Oxford, 1939.)

At this point the argument may be recapitulated as follows: Egyptian agriculture carries a large surplus population, whose presence is seriously depressing the standard of living. Furthermore, cotton prospects are poor and it has become necessary for agriculture to develop other branches of production. The only important ones available are livestock, dairy-farming and fruit and vegetable production. But although a certain amount of export may be possible, these branches will have to rely mainly on the home market. Such a market can only come into being if a large industry is built up. But industry in its turn is conditioned by the rural market, which in its present form cannot absorb more than a very small output of industrial goods.

The solution of this vicious circle comes inevitably to the mind: the break-up of the large estates into family farms of about four feddans, the modification of inheritance laws to prevent further subdivision below that level and the development of co-operatives to give the farmers the benefit of technical improvements and collective work.

How this can come about will not be discussed here, for although most countries of Central and Eastern Europe have carried out similar reforms, generally with excellent results, it is hard to see how redistribution of land can take place in Egypt as long as the present structure of political power prevails. One method might be for the Government to take over all large estates which are incapable of paying their mortgage debt instalments and redistributing them among small peasants. But it is hard to imagine Parliament, whose main energies during the last few years have been devoted to lightening that same burden of mortgage debts, doing anything of the kind.

Assuming such a reform to be possible, it remains to discuss its probable effects on agricultural and industrial development. The question has been well studied by Miss Warriner[1] whose remarks carry the more weight in that they refer to Central Europe and the Balkans, whose structure and problems closely recall those of Egypt.

On the whole the break-up of the big estates in Central and Eastern Europe has led to an intensification of production and an increase in livestock. Rumania provides an important exception for, owing to the degeneration in seed and failure to sow in time, there has been a falling off in productivity. But in Egypt those particular dangers do not arise since cotton-seed is now entirely controlled by the Government, which could and should take over wheat and maize seed as well, while the rhythm of agricultural processes is largely determined by the

[1] *op. cit.*, chap. viii.

Irrigation Department. As for livestock and dairy-farming, as well as fruit and vegetable growing which demand very intensive cultivation, it is generally agreed that small-scale is more suitable than large-scale farming.

In Egypt the question is further simplified by the fact that a very large part of the property of large owners is let out to small farmers.[1] Hence a redistribution would not greatly affect the scale or technique of farming but chiefly the distribution of income.

Finally, it should be remembered that, judging from the samples examined in *Chapter Five*, Section *N*, gross returns per acre are highest on small farms, although the differences between the different categories are not very great. This implies that a break-up of estates cannot decrease, and may possibly increase, output.

This is because small farms absorb a larger amount of labour per acre than large farms. Where land is abundant this must count as a disadvantage, and the kind of farm suitable to such an economy is the vast 'grain factory', where output per acre is low but output per man high. But in a backward economy suffering from an acute shortage of land and glut of labour, such as Egypt, the capacity to absorb labour, even with low returns, must count as an important factor in favour of small-scale farming.

Finally, there is the very important question of soil conservation. A tenant farmer, especially if, as in Egypt, he is working on a short lease, tends to overwork and exhaust the soil, while a peasant proprietor has every reason to take a longer view and to be readier to invest capital in his own land.

The gravest defect of peasant farming is probably, as Miss Warriner points out, the question of capital accumulation. It is not that peasants save less than large landowners; on the contrary, and this holds particularly true of Egypt, the larger proprietors tend to be capital consumers. But the savings of peasants tend to be used solely for the purchase of land, which merely forces up values and serves no useful purpose.

But, as the same author remarks, the question takes another form where there are strong co-operatives which mobilize savings and divert them to productive channels: for example, irrigation works, fruit or dairy factories, agricultural equipment, etc. In Bulgaria much has been done by co-operatives, while in other Balkan countries the weakness of the co-operative movement, and the consequent absence of useful investment, arises from political and not from economic factors.

In Egypt the problem wears a different aspect owing to the

[1] See *Chapter Five*, Section *L*, above.

long-established tradition of State intervention. All Egypt's irrigation works, and much of her land reclamation, have been carried out by State not private enterprise, and financed out of ordinary revenue. Hence, there is no reason to believe that the proposed reform would starve agriculture of capital.

Indeed the opposite might take place if, as is probable, the disappearance of the very large landowners promoted the growth of co-operatives. Such co-operatives would have a much better chance of success than in the past if they were to confine their activities to one or two objects specified in advance, for example purchase and use of a tractor, installation of dairy equipment, etc.

So much for the effect on agriculture. As for industry, it is only necessary to repeat that only the proposed change can possibly create the internal market without which industry cannot possibly develop.

There is, however, a danger that the peasants would not provide industry with the necessary capital for development. This danger is a real one but, if industry is in a position to be profitably expanded, can be overcome either by State investment or by calling upon foreign capital.

It is difficult to say *a priori* how a break-up of large estates would affect population growth. Miss Warriner expresses her opinion as follows: 'It is the families of the poorest farm-labourers which increase most rapidly. There are peasant regions . . . where very rigid family limitation is in force. Others . . . where the rate of increase is abnormally fast.' Increased prosperity may lead to a rise in the birth-rate. On the other hand, especially if accompanied by education, it may just as well lead to a limitation of births. It is to be remembered that the peasantry of such prosperous countries as Denmark, Switzerland, France and Germany, have shown no sign of over-reproduction.

The whole question of industrial wages and social legislation is also dependent on a land settlement. As long as the industrial labour market continues to be flooded by cheap rural labour it is futile to seek to enforce higher standards. Once the supply is cut off, however, the bargaining position of labour will be greatly enhanced and a rise in wages as well as wider social legislation may be expected to follow.

The economic effects may therefore be taken as beneficial provided State control over seeds and irrigation is retained and intensified. The development of co-operative societies would serve further to remove possible drawbacks and to leave only the advantages.

The political and social effects would be at least as favourable. As regards the first, it is evident that the disappearance of the over-powerful landlords and the emergence of a prosperous yeoman class can only lead to the diffusion of political consciousness and raising of the general tone. Moreover, with the development of industry, Egyptian society would articulate itself and acquire sufficient diversity to bring into being real political parties, as distinct from factions or groups.

The same is true of education. At present education, like industry, lacks a market—though in this case the position is somewhat eased by the existence, in Iraq, Hejaz and other Arab countries, of markets for Egyptian teachers, books and newspapers.[1] An internal market can only come with more widespread prosperity, and this in turn is dependent on a redistribution of wealth.

The question may be restated as follows. There is an immanent logic in facts which cannot be ignored or violated. A feudal structure of agriculture may have many merits, but it is incompatible with the development of modern large-scale industry and nation-wide education. To have such an industry and education it is necessary to change the very basis of land ownership.

But even if this very sweeping change were carried out Egypt would not be at the end of her troubles. For whatever her economic system—feudal, capitalist or even socialist—Egypt will still have to face the fact that of the three factors of production, land, capital and labour, she is superabundantly endowed with the last but starved of the others. The breaking-up of all the large estates into farms of four feddans (the maximum size which can be worked by a single family and the minimum which can ensure a decent standard of living), together with such land reclamation as seems possible within the next few years, would occupy only some 1,500,000 families or say about 9,000,000 persons. This means that at present 12,000,000 peasants are engaged in work which could be done by 9,000,000.

This conclusion is confirmed by the calculations of Mr. Habashi who basing himself on the estimates of M. Minost and Azmi Bey regarding the labour requirements of each kind of crop, estimates the total needs of Egyptian agriculture in 1939 at 370,000,000 to 394,000,000 man-days and 125,000,000 to 198,000,000 female or child-days. This, assuming 300 work-

[1] Egyptian newspapers are sold from Marrakesh to Baghdad and are subscribed to by Syrians in Brazil, Argentina, the United States, South Africa and West Africa. Egyptian films and gramophone records enjoy an even wider market covering India, Abyssinia and East Africa.

ing days per annum and a permanent staff of engineers, keepers, etc., of 132,000, gives employment to only 1,300,000 to 1,400,000 men and 400,000 to 650,000 women and children, against an existing rural population of 11,800,000 of whom 3,500,000 are adult males.

It must not, of course, be forgotten that the numbers employed during the seasonal peaks are appreciably higher. But to a large extent the labour required for picking and harvesting is supplied by the women and children. Hence a figure of 1,500,000 families is not likely to underestimate the labour requirements of Egyptian agriculture.

The only remedy for the existing over-population is large-scale emigration. In view of the peasant's reluctance to move this can only come about if the Government launches a vast emigration programme, entailing the subsidization and transplantation of whole villages. Some help may be forthcoming from Britain and the United States for such a measure. For if the post-war age is to be dominated by a freer exchange of goods and abolition of prohibitive tariffs and of artificial fostering of hot-house industry, the smaller countries will be entitled to demand in return some help in dealing with their surplus populations.

Nevertheless, the main burden of adjustment must naturally fall on Egypt. During the last forty years successive Governments have let matters drift. Problems which could have been relatively easily dealt with in 1910 or even in 1920 have been aggravated and become much more intractable. But a solution must be found, whatever the sacrifices involved, if the drift is not to lead to anarchy. It is well in conclusion to quote Goethe's fine words:

> '*Nur der verdient sich Freiheit wie das Leben*
> *Der täglich sie erobern muss.*'
>
> 'He only doth freedom and life deserve
> Who every day must conquer them anew.'

UNITS OF MEASUREMENT

One Egyptian Pound (£E) = 100 Piastres (PT) = 1,000 millièmes (m/m) = £1 0s. 6d.

1 Feddan	= 1·038 acres	= 4,201 sq. metres
1 Cantar of Cotton (cr)	= 99 lbs.	= 45 kgs.
1 Ardeb of Cotton-Seed	= 2·70 cantars	
1 „ of Wheat	= 150 kgs. approx.	
1 „ of Maize	= 140 kgs.	„
1 Dariba of Rice	= 935 kgs.	„
1 Rotl	= 0.99 lbs.	= 449 grammes

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