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CHAPTER I

INTRODUCTORY

Objects of this book—The narrative portion—The effects on Egypt of the British occupation—Chief point of interest in Egyptian reform—Difficulty of ascertaining Eastern opinion.

My object in writing this book is twofold.

In the first place, I wish to place on record an accurate narrative of some of the principal events which have occurred in Egypt and in the Soudan since the year 1876.¹

In the second place, I wish to explain the results which have accrued to Egypt from the British occupation of the country in 1882.

The accidents of my public life have afforded me special opportunities for compiling certain chapters of Egyptian history. From March 1877 to June 1880, and again from September 1883 up to the present time (1907), I have been behind the scenes of Egyptian affairs. Besides those sources of information which are open to all the world, I have had access to all the documents in the archives of the Foreign Offices of both London and Cairo, and I have been in close communication with, I think, almost every one who has taken a leading part in Egyptian affairs during the period the history of which I have attempted to write. Thus, I think I may fairly lay claim to be in a position of exceptional advantage in so far as the attainment of accuracy is concerned.

Now, accuracy of statement is a great merit. Sir Arthur Helps once said that half the evils of the world come from inaccuracy. My personal experience would lead me rather to

¹ I have dealt fully and unreservedly with the whole of the principal historical events which occurred in Egypt from 1876 up to the time of Tewfik Pasha's death (January 7, 1892); also with Soudan history up to the end of 1907. It would, in my opinion, be premature to deal similarly with events in Egypt subsequent to the accession of the present Khedive.

agree with him. I cannot say that what I have seen and known of contemporaneous events, with which I have been well acquainted, has inspired me with any great degree of confidence in the accuracy of historical writing. The public, indeed, generally end, though sometimes not till after a considerable lapse of time, in getting a correct idea of the general course of events, and of the cause or effect of any special political incident. But, speaking more particularly of the British public, it may be doubted whether even this result is fully achieved, save in respect to questions of internal policy. In such matters, a number of competent and well-informed persons take part in the discussions which arise in Parliament and in the press. Inaccuracy of statement is speedily corrected. Fallacies are exposed. In the heat of party warfare the truth may for a time be obscured, but in the end the public will generally lay hold of a tolerably correct appreciation of the facts:

In dealing with the affairs of a foreign country, more especially if that country be in a semi-civilised condition, these safeguards to historical truth exist in a relatively less degree. English opinion has in such cases to deal with a condition of society with which it is unfamiliar. It is disposed to apply arguments drawn from English, or, it may be, from European experience to a state of things which does not admit of any such arguments being applied without great qualifications. The number of persons who possess sufficiently accurate information to instruct the public is limited, and amongst those persons it not unfrequently happens that many have some particular cause to advance, or some favourite political theory to defend. Those who are most qualified to speak often occupy some official position, which, for the time being, imposes silence upon them. There is, therefore, no certain guarantee that inaccuracies of statement will be corrected, or that fallacies will be adequately exposed. Thus, even if the general conclusion be correct, there is a risk that an erroneous appreciation in respect to important matters of detail will float down the tide of history. The public often seize on some incident which strikes the popular imagination, or idealise the character of some individual whose action excites sympathy or admiration. It would appear, indeed, that democracy tends to develop rather than to discourage hero-worship.

The first stage on the road to historical inaccuracy is that some half-truth is stated, and, in spite of contradiction, obtains a certain amount of credence. It may be, indeed, that the error is corrected; but it sometimes happens that, as time goes on, the measure of fiction increases, whilst that of fact tends to evaporate. A series of myths cluster round the original idea or statement. In India, as Sir Alfred Lyall has shown, the hero passes by easy stages of transition into a demi-god.¹ In sceptical Europe, the process is different. All that happens is that an incorrect fact or a faulty conclusion is graven into the tablets from which future historians must draw their sources of information.

Turning to the second point to which allusion is made above, I wish to explain the results which accrued to Egypt from the British occupation of the country in 1882.

On March 23, 1876, Mr. Stephen Cave, who had been sent to Cairo to report on the financial condition of Egypt, expressed himself in the following terms:—

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

An attempt will be made in the following pages to give some account of the measures adopted since Mr. Cave wrote his report, to arrest, and, as I hope and would fain believe, to remedy the disease, whose main features are described with accuracy in the passage quoted above.

I trust that such an account will not be devoid of interest to the general reader, and that it will be of some special interest to those of my fellow-countrymen who are, or who at some future time may be engaged in Oriental administration. It is to this latter class that I would more especially address myself, for they can appreciate the nature of the problems which have presented themselves for solution, and the difficulty of solving them, more fully than those who are devoid of special administrative experience in the East.

¹ *Asiatic Studies.*

I would at the outset state where, as I venture to think, the chief point of interest lies.

Egypt is not the only country which has been brought to the verge of ruin by a persistent neglect of economic laws and by a reckless administration of the finances of the State. Neither is it the only country in which undue privileges have been acquired by the influential classes to the detriment of the mass of the population. Nor is it the only country in whose administration the most elementary principles of law and justice have been ignored. Although the details may differ, there is a great similarity in the general character of the abuses which spring up under Eastern Governments wheresoever they may be situated. So also, although the remedies to be applied must vary according to local circumstances and according to the character, institutions, and habits of thought of the European nation under whose auspices reforms are initiated, the broad lines which those reforms must take are traced out by the commonplace requirements of European civilisation, and must of necessity present some identity of character, whether the scene of action be India, Algiers, Egypt, Tunis, or Bosnia.

The history of reform in Egypt, therefore, does not present any striking feature to which some analogy might not perhaps be found in other countries where European civilisation has, in a greater or less degree, been grafted on a backward Eastern Government and society.

But, so far as I am aware, no counterpart can be found to the special circumstances which have attended the work of Egyptian reform. Those circumstances have, in truth, been very peculiar.

In the first place, one alien race, the English, have had to control and guide a second alien race, the Turks, by whom they are disliked, in the government of a third race, the Egyptians. To these latter, both the paramount races are to a certain extent unsympathetic. In the case of the Turks, the want of sympathy has been mitigated by habit, by a common religion, and by the use of a common language.¹ In the case of the English, it has been mitigated by the respect due to superior talents, and by the benefits which have accrued to the population from British interference.

In the second place, it is to be observed that for diplomatic

¹ All the Egyptian officials of Turkish origin now speak Arabic.

and other reasons, on which it is unnecessary for the moment to dwell, the Egyptian administration had to be reformed without any organic changes being effected in the conditions under which the government had been conducted prior to the British occupation. Those conditions were of an exceptionally complicated character. A variety of ingenious and elaborate checks had been invented with a view to preventing a bad Government from moving in a vicious direction. These checks, when brought into action under a wholly different condition of affairs, were at times applied, under the baneful impulse of international jealousy, to hamper the movements of an improved Government in the direction of reform. "Je suis sans crédit," said the "plumitif" in Voltaire's *Ingénu*, "pour faire du bien ; mon pouvoir se borne à faire du mal quelquefois." The phrase may rightly be applied to the working of international government in Egypt since 1882. It is, indeed, certain that whatever success has attended the efforts of reformers in Egypt has been attained, not in virtue of the system, but in spite of it. Those who hold, with the English poet, that "Whate'er is best administered is best," may perhaps find some corroboration of their theory in the recent history of Egypt. An experiment under somewhat novel conditions has, in fact, been made in Eastern administration, and, in spite of many shortcomings, this experiment has been crowned with a certain degree of success. It is this which gives to Egyptian reform its chief claim to the interest of the political student.

I have lived too long in the East not to be aware that it is difficult for any European to arrive at a true estimate of Oriental wishes, aspirations, and opinions.

Those who have been in the East and have tried to mingle with the native population know well how utterly impossible it is for the European to look at the world with the same eyes as the Oriental. For a while, indeed, the European may fancy that he and the Oriental understand one another, but sooner or later a time comes when he is suddenly awakened from his dream, and finds himself in the presence of a mind which is as strange to him as would be the mind of an inhabitant of Saturn.¹

I was for some while in Egypt before I fully realised how little I understood my subject ; and I found, to the last day

¹ Professor Sayce, *The Higher Criticism and the Monuments*, p. 558.

of my residence in the country, that I was constantly learning something new. No casual visitor can hope to obtain much real insight into the true state of native opinion. Divergence of religion and habits of thought; in my own case ignorance of the vernacular language;¹ the reticence of Orientals when speaking to any one in authority; their tendency to agree with any one to whom they may be talking; the want of mental symmetry and precision, which is the chief distinguishing feature between the illogical and picturesque East and the logical West, and which lends such peculiar interest to the study of Eastern life and politics; the fact that religion enters to a greater extent than in Europe into the social life and laws and customs of the people; and the further fact that the European and the Oriental, reasoning from the same premises, will often arrive at diametrically opposite conclusions,—all these circumstances place the European at a great disadvantage when he attempts to gauge Eastern opinion. Nevertheless, the difficulty of arriving at a true idea of the undercurrents of native opinion is probably less considerable in Egypt than in India. Notably, the absence of the caste system, and the fact that the social and religious fabric of Islamism is more readily comprehensible to the European mind than the comparatively subtle and mystical bases of Hinduism, diminish the gulf which in India separates the European from the native, and which, by placing a check on social intercourse, becomes a fertile source of mutual misunderstanding. On the whole, though I should not like to dogmatise on the subject, I am inclined to think that by constantly seeing people of all classes, and by checking the information received from different sources, a fair idea of native opinion in Egypt may in time be formed.

I would add that it is not possible to live so long as I have lived in Egypt without acquiring a deep sympathy for the Egyptian people. The cause of Egyptian reform is one in which I take the warmest personal interest. A residence of half a lifetime in Eastern countries has made me realise the force of Rudyard Kipling's lines—

If you've heard the East a'calling,
 You won't ever heed aught else.

¹ I have a fair acquaintance with Turkish, but I do not speak Arabic.

PART I
ISMAIL PASHA

1863–1879

It were good that men in their Innovations would follow the example of Time itself, which, indeed, innovateth greatly, but quietly, and by degrees scarce to be perceived. . . . It is good also not to try experiments in States except the necessity be urgent, or the utility evident; and well to beware that it be the reformation that draweth on the change, and not the desire of change that pretendeth the reformation.

BACON, *On Innovations*.

It is singular how long the rotten will hold together provided you do not handle it roughly . . . so loth are men to quit their old ways; and conquering indolence and inertia, venture on new. . . . Rash enthusiast of change, beware! Hast thou well considered all that Habit does in this life of ours?

CARLYLE, *French Revolution*.

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CHAPTER II

THE GOSCHEN MISSION

NOVEMBER 1876

Financial position in 1863—And in 1876—Suspension of payment of Treasury Bills—Creation of the Commission of the Public Debt—Decree of May 7, 1876—The Goschen Mission—Decree of November 18, 1876—Appointment of Controllers-General—Sir Louis Mallet—I am appointed Commissioner of the Public Debt—Ismail's predecessors—Crisis in the career of Ismail Pasha—Accounts Department.

THE origin of the Egyptian Question in its present phase was financial.

In 1863, when Said Pasha died, the public debt of Egypt amounted to £3,293,000. Said Pasha was succeeded by Ismail Pasha, the son of the celebrated Ibrahim Pasha, and the grandson of the still more celebrated Mehemet Ali.

In 1876, the funded debt of Egypt, including the Daira loans, amounted to £68,110,000. In addition to this, there was a floating debt of about £26,000,000.

Roughly speaking, it may be said that Ismail Pasha added, on an average, about £7,000,000 a year for thirteen years to the debt of Egypt. For all practical purposes it may be said that the whole of the borrowed money, except £16,000,000 spent on the Suez Canal, was squandered.¹

For some while prior to the general breakdown, it had been apparent that Ismail Pasha's reckless administration of

¹ Mr. Cave, after making out a balance-sheet for the years from 1864 to 1875, adds: "Two striking features stand out in this balance-sheet, namely, that the sum raised by revenue, £94,281,401, is little less than that spent on administration, tribute to the Porte, works of unquestionable utility, and certain expenses of questionable utility or policy, in all amounting to £97,240,966, and that for the present large amount of indebtedness there is absolutely nothing to show but the Suez Canal, the whole proceeds of the loans and floating debt having been absorbed in payment of interest and sinking funds, with the exception of the sum debited to that great work."

the finances of the country must, sooner or later, bring about a financial collapse. Towards the latter part of 1875 and the beginning of 1876, money was raised at ruinous rates of interest by the issue of Treasury bills. On April 8, 1876, the crash came. The Khedive suspended payment of his Treasury bills.

Previous to the suspension of payment, some discussion had taken place with reference to the creation of an Egyptian National Bank, which was to be under the control of three European Commissioners. France and Italy each agreed to select a Commissioner, but Lord Derby, who then presided at the Foreign Office, was unwilling to interfere in the internal affairs of Egypt, and declined to nominate a British Commissioner.

The project, therefore, dropped, but was shortly afterwards revived in a different form. On May 2, 1876, a Khedivial Decree was issued instituting a Commission of the Public Debt. Certain specific duties were assigned to the Commissioners, who were to act generally as representatives of the bondholders. On May 7, a further Decree was issued consolidating the debt of Egypt, which then amounted to £91,000,000.

M. de Blignières, Herr von Kremer, a distinguished Orientalist, and M. Baravelli were nominated to be Commissioners of the Debt at the instance, respectively, of the French, Austrian, and Italian Governments. The British Government declined to select a Commissioner.

The financial arrangements embodied in the decree of May 7, 1876, caused much dissatisfaction, especially in England, with the result that Mr. (subsequently Lord) Goschen undertook a mission to Egypt with a view to obtaining some modifications which the bondholders considered necessary.

Lord Goschen, with whom M. Joubert was associated to represent French interests, arrived in Egypt in October 1876.

The arrangement negotiated by Messrs. Goschen and Joubert was embodied in a Decree, dated November 18, 1876. The chief financial features of this arrangement were as follows:—

The loans of 1864, 1865, and 1867, which had been contracted before the financial position of the Khedive had

become seriously embarrassed, and the capital of which amounted in all to about £4,293,000, were taken out of the Unified Debt, into which they had been incorporated under the Decree of May 7, and formed the subject of a special arrangement.

A 5 per cent Preference Stock, intended to attract *bona fide* investors, was created, with a capital of £17,000,000.

The Daira debts, amounting to about £8,815,000, which had, under the Decree of May 7, been included in the Unified Debt, were again deducted, and ultimately formed the subject of a separate arrangement.

The capital of the Unified Debt was thus reduced to £59,000,000. The rate of interest was fixed at 6 per cent, to which a sinking fund of 1 per cent was added.

So far as the effect produced on the future of Egypt was concerned, the purely financial arrangements negotiated by Lord Goschen were less productive of result than the changes which, under his advice, the Khedive introduced into the administration of the country. It was clear that, however rational any Egyptian financial combination might be, it would present but little hope of stability unless the fiscal administration of the country was improved. It was, therefore, decided to appoint two Controllers-General, one of whom was to supervise the revenue, and the other the expenditure. The railways and the port of Alexandria, the revenues of which were to be applied to the payment of interest on the Preference Stock, were to be administered by a Board composed of two Englishmen, a Frenchman, and two Egyptians.

Mr. Romaine was appointed Controller-General of the Revenue and the Baron de Malaret Controller-General of Expenditure. General Marriott was appointed President of the Railway Board. Lord Derby instructed Lord Vivian, who was at this time British representative in Egypt, to inform the Khedive that "Her Majesty's Government could not accept any responsibility for these appointments, to which, however, they had no objection to offer."

About the same time, the Khedive applied to Lord Goschen to nominate an English Commissioner of the Public Debt, the British Government having again declined to assume the responsibility of nomination.