

Nineteenth Century Expressions of Economic Nationalism in Egypt

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*qīla yā Sīzīf,
qad māta ilah al-naqmah
fa-balaghta al-qimmah,
fa-tamassak fī adhnāb al-shams,
wa-ta'kad min 'anbā' al-hams,
wa-anhaḍ wa-anhaḍ fawq al-himmah*

...

...

*wa-'indamā tā'tī,
wa-'indimā tughādiru al-Ma'arraḥ,
sa-yamtaṭī al-jawad zahrah,
sa-yu'linu al-qunūṭ qafrah,
wa-tuṣbiḥu al-aḥzān zahrah,
wa-tuṣbiḥu al-aḥzān zahrah*

(excerpts from "Mutātālyāt 'an al-Mawt wa-al-Hayāh," an unpublished poem by Tāriq Hījī, 1971)

Abstract

This is an inquiry into early expressions of economic nationalism by groups who controlled Egypt's wealth and government before European encroachment in the nineteenth century (the "traditional elites"). The study focuses on a brief period in 1879 when the transfer of control over Egypt's government to European powers was interrupted, and a national cabinet took over and adopted a nationalist plan for liquidating Egypt's public debt within fiscal arrangements beneficial to the elites. The national cabinet served for a brief interregnum and endeavoured to fulfill the promises made in their plans, but eventually failed as a result of financial strains. Within this context, the traditional elites and their allies made the first detected calls in Egyptian modern history for establishing a joint-stock national bank along the European model. This work focuses on economic dimensions of the 1879 nationalist movement which was a distinct move in terms of its leadership and agenda from the more widely recognized movement of Aḥmad ʿUrābī in 1881-1882. The study discusses the economic motivations and agenda of the traditional elites, the way these were articulated in their nationalist plans, and the endeavours and failures of the national cabinet. The meaning of economic nationalism for the traditional elites is examined through the literature of two variations of national banking calls. The traditional elites' brand of economic nationalism is briefly contrasted to that of the 1910s which was embodied in the more famous call for Bank Miṣr and had been adjusted by that time to reflect a more cosmopolitan and urban entrepreneurial society. The analysis verifies the indefinite ideological nature of economic nationalism and its potential to contain varying tenets as a reflection of changing contexts and/or interest groups, be it across different periods or within a given point of time.

Résumé

Cette thèse constitue une enquête sur les expressions premières du nationalisme économique par des groupes qui contrôlaient les ressources et le gouvernement Égyptien, (les élites traditionnelles) avant l'ingérence européennes au 19^{ème} siècle. L'étude porte sur une brève période, 1879, durant laquelle le transfert du contrôle du gouvernement égyptien aux pouvoirs européens fut interrompu et un cabinet national prit le pouvoir et adopta un plan nationaliste visant la liquidation des dettes publiques selon des conditions favorables aux élites. Le cabinet national fut mis en service durant une brève période pendant laquelle il tenta de répondre aux promesses présentes dans le plan. Toutefois, cette tentative échoua due à des contraintes financières. Dans ce contexte, les élites traditionnelles et leurs alliés entreprirent leur premières revendications perceptibles dans l'histoire moderne de l'Égypte pour établir une banque nationale comme société anonyme, basée sur le modèle européen. Ce travail soutient que les dimensions économiques de ce mouvement nationaliste de 1879 diffèrent, aussi bien en termes des agents principaux que dans son agenda, du mouvement bien plus célèbre de Aḥmad ʿUrābī en 1881-1882. Cette étude porte sur les motifs et les objectifs économiques des élites traditionnelles, sur la manière dont ils sont articulés dans le plan nationaliste, ainsi que sur les efforts et les échecs du gouvernement national. Le sens du nationalisme économique tel conçu par les élites traditionnelles est examinée à travers deux variations de revendications visant à l'établissement d'une banque nationale. Cette conception du nationalisme économique est rapidement comparée à celle qui sera incorporée en 1910 dans les revendications pour la fondation de la Banque Miṣr et qui reflétera une société plus cosmopolite et plus orientée vers les entrepreneurs urbains. Cette analyse confirme la nature idéologique flexible du nationalisme économique et de sa capacité d'adaptation reflétant divers contextes et/ou groupes d'intérêts, aussi bien à travers les différentes périodes historiques qu'au sein d'une période donnée.

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In the process of working for a doctorate degree, a person usually accumulates a variety of moral debts to family, friends and teachers who provide their support during different phases of this endeavour. If, against established conventions, such endeavour starts at the late age of 38 and involves the sacrifice of a stable, lucrative and esteemed career, the confidence inspired by even a few becomes extremely instrumental in gaining and maintaining courage during the first uncertain steps. This was the type of support I badly needed in November 1990 when I finally decided to quit a thirteen-years career, as a corporate- and sovereign-banker and to accept the risks involved in departing the offshore banking world of Bahrain in order to start a path that, I then hoped, would ultimately carry me to university-teaching, the only work which I firmly believed would give me self-fulfillment. The many friends who backed me at that moment of decision making did it mostly out of a sense of confidence and intimate familiarity, rather than out of in-principle conviction. This made that support all the more personal and meaningful. In this respect, I will always remember the confidence and support that was afforded during those days by Samiha Abou al-Magd, Ashraf al-Qinawi, Muhammad Sultan, Soliman Said, George Habib, Karim Darwish, Hanaa al-Jishi, Walid and Umayma Gaber, Nagib Megally, Seif-Allah Seif al-Nasr, Naela Refaat, Abbas Badrawi, Mervat Diab, and Wafaa Sultan. All of them were friends whom I met at different periods of my life, from the days of primary school to the days of banking. The continuation of their friendship for such a long period of time is significant enough. I could also not have done during that critical period without the backing of teachers who had known me at school or university, and who inspired me with the confidence that I was capable of realizing what I then aspired to achieve. Besides my original intellectual debt to them, I will always remain in personal debt to Mrs. Samira Khalil, and to Professors Walid Kazziha, William Mikhail, Adel Beshai, Galal Amin, Herbert Thompson, Tim Sullivan, Soraya al-Torki, and Albert Berry. During those difficult days, there were a few people who maintained very close contact and carried a disproportionate share of the burden. Mrs. Laila Hamdy (my first teacher ever), Francois Casas and Shawqi al-Aqabawi gave me that generous support. Undoubtedly, however, had it not been for the sense of euphoria and elation inspired by Nabila Shafei, I would not have been able to gather the momentum for starting this venture in the first place.

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Introduction

Research Objectives and Rationale

In a broad sense, this work originates from an interest in studying the genesis and development in Egypt's modern entrepreneurial society following the penetration of the domestic market by European capital in the nineteenth century. In more specific terms, the immediate issue addressed here is the endeavours by a group of Egypt's economic elites to emulate western business forms and practices on the premise that this was the means for economic modernization through indigenous efforts, and their attempt to incorporate this emulation within an ideology of economic nationalism. The focus of this study was initially based on some conventional knowledge of Egyptian economic history in the nineteenth and twentieth centuries. In Egyptian economic folklore, so to speak, Ṭal'at Ḥarb emerges as the founder of Egyptian economic nationalism in its modern context on the strength of his promotion in 1920 of Bank Miṣr, the first joint-stock Egyptian bank whose capital was fully subscribed by Egyptian shareholders. As shown in a subsequent paragraph, this image of Ḥarb is also accepted in existing scholarship, which generally takes the second decade of the twentieth century as the founding period for Egyptian economic nationalism. However, there seemed to be some grounds for investigating whether Ḥarb's brand of economic nationalism--viz. the establishment of a modern joint-stock bank owned by national capital--originated earlier in the nineteenth century, or at least whether the vision underlying that tendency or some of its basic elements were articulated at that earlier date. There were a few reasons why a research into these points offered interesting prospects.

First, it is an established fact of Egyptian history that European encroachment in the nineteenth century engendered a wave of nationalism. This reached its climax with the movement which became eventually dominated by the army under the leadership of Aḥmad 'Urābī in 1881-1882 and which culminated in a military confrontation and occupation by the British troops in 1882. Within this context, there were several long-term and immediate factors that would have promoted some expressions of economic nationalism. Egypt had been integrated in the world economy as a cotton supplier since the 1820s. As long as the monopoly system of Muḥammad 'Alī continued, the financial benefits from cotton cultivation were centralized in the hands of the ruler. With the abolition of monopoly after the London Treaty (1840),

those benefits accrued to landholders directly. Around the same time, politically privileged groups started to acquire large holdings of land, partly under the patronage of the ruler. In this way, the economic interests of these groups became gradually defined in terms of land and they combined political influence with the potential of accumulating wealth. Within the framework of expanded dealings with the world market, their economic activities in the cotton trade cycle continued to focus mainly on cultivation. Beginning in the mid 1850s, Egypt was increasingly exposed to the activities of foreign capital and modern business entities in other aspects related to or triggered by cotton trading, like cotton processing, shipping, public utilities and banking. One of the earliest of those foreign business concerns was Bank of Egypt (1856), the first joint-stock bank that opened in the country. These fields, which carried strong prospects for profits, continued to be dominated by foreign capital owned by either foreign residents or international companies. By the mid 1870s, European penetration reached the point of gradual control over state finances and administration following the suspension by Egypt of interest payment on foreign public debt in April 1876. Around the same time, there was another debt crisis in the Egyptian countryside, triggered by an expansion in mortgage lending after the creation of the Mixed Courts (1875) which enhanced a massive transfer of land to foreign creditors. Therefore, by the late 1870s/early 1880s, the situation bore strong factors that would enhance expressions of economic nationalism within the general rise in the nationalist wave at that time, particularly by groups who could potentially gain from a change in the existing division of labour between foreign and national capital and/or whose political and economic interests were threatened by European control and the transfer of land to foreign hands. Given the general importance of banks as an agent of capital mobilization, their particular relevance to the debt crisis of the 1870s, and the exposure of Egypt to modern banking practices for some twenty five years by that time, the prospects that such expressions of economic nationalism may have also included calls for national banks seemed convincing.

Second, there were some broad similarities of contexts between the period immediately preceding the British occupation and the early twentieth century when Ḥarb and others made their calls for a national bank. In the 1910s, the move for a national bank followed some thirty years of colonial administration, mostly under Evelyn Baring (Lord Cromer) as British High Commissioner (1883-1907). During

this time, Egypt's role as cotton supplier was consolidated, large landholdings expanded, and the division of labour between national and foreign capital remained largely along the lines promoted prior to the occupation. After a decade of slow economic activity following the occupation, there was a long business boom (1892-1907) dominated by investments in real estate and renewed inflow of foreign capital. This ended in a collapse which caused an economic crisis in 1907 and triggered calls during the First Egyptian National Conference (1911) for establishing a joint-stock bank fully owned and controlled by national capital as a means for reducing dependence on foreign capital and as a vehicle of economic modernization. During those years, a new wave of nationalism had already started under the leadership of Muṣṭafā Kāmil and Muḥammad Farīd. This reached its zenith in the 1919 revolution. A year later, Bank Miṣr was established with Ḥarb as its chairman and with its issued capital fully subscribed by Egyptian nationals. The parallels with the 1860s and 1870s were interesting. As indicated previously, that earlier period similarly involved a key phase in the expansion of Egypt's role as cotton supplier, the growth in large landholdings, the perpetuation of a division in labour between foreign and national capital, and the emergence of a nationalist movement against European encroachment. To these parallels, one could also add that the expansion in borrowing and the debt crises of the 1870s came on the heels of a financial boom in the early to mid 1860s (cotton boom, 1861-1865) which may have had similar socio-economic impacts as the boom of 1892-1907. Thus, the prospects appeared interesting for contrasting nineteenth century expressions of economic nationalism to the expressions of the 1910s.

A further inducement to conduct this study was the absence of published scholarly attempts in its defined scope of interest. A word on the available literature would illustrate this point.

Literature Survey

Prior to conducting an extensive literature survey, it was first necessary at the beginning of this research to define its intended scope. As initially conceived, this study was intended to be an inquiry into expressions of economic nationalism by Egypt's capital owners during the nationalist period of the late 1870s/early 1880s, with particular interest in investigating whether these expressions involved calls for a national bank. The scope of study, thus, was defined by four dimensions, namely

the platform of the movement (economic nationalism); its timing (late 1870s/early 1880s); the leading social group within it (capital owners); and, if it existed, the place of national banking in its focus. A literature survey followed to determine how each of these dimensions was treated in existing scholarly work.

To start with, there are no studies of economic nationalism in nineteenth century Egypt. As indicated above, existing literature on this topic focuses on the twentieth century, particularly the period between 1914 and 1952. The most important contributions in this respect are the works of Eric Davis, Marius Deeb, Roger Owen, Robert Tignor and Robert Vitalis. In all these works, Bank Miṣr receives an important share of the discussion, if not its primary focus. None of these contributions, however, addresses the period prior to the early twentieth century even by way of background. The exception to this general case is some work by ʿAbd al-ʿAzīm Ramaḍān on the background to Bank Miṣr in the nineteenth and twentieth centuries. This work was published in Arabic, and it appeared first in a brief article and was subsequently included in a monograph on the social history of Egypt up to 1952. Although the work in both forms treated the topic of nineteenth century economic nationalism in only a few pages and was addressed to the general reader, it was, nevertheless, the only work on this topic which provided some specific pointers for the purpose of this study.

On the other hand, the major studies of the late 1870s/early 1880s focus on the social and political dimensions of the nationalist movement, which is exclusively identified with the ʿUrābist movement. In western scholarship, the most important recent works on this topic are those by Juan Cole and Alexander Scholch. In Arabic, the works by Ṣalāḥ ʿĪsā, ʿAbd al-Raḥman al-Rāfiʿī and Laṭīfah Sālim are the major comprehensive works on this period. There is a fourth work by Rifʿat al-Saʿīd which treats the topic in a style addressing the layman and would not seriously qualify as a scholarly study. In addition to these works, there are also a few articles which address various aspects of this period. The most relevant works in this respect are two articles in English by Abd al-Azim Ramadan [ʿAbd al-ʿAzīm Ramaḍān] and Ibrahim Abu-Lughod, and an Arabic article by Raʿūf ʿAbbās Hāmid. Some of this literature address the socio-economic foundations of the ʿUrābist movement, as in the cases of ʿĪsā and Ramadan and in some parts of Cole's work. To a lesser degree of rigour, this is also adopted by Hāmid and partly

by Sālim and Schölch. Even then, there are certain points of difference between these works and the study presented here. First, the focus in all works on the 'Urābist movement reaches the point of either overlooking other moves which adopted a nationalist platform during this period or relegating them to the background. Second, even where the socio-economic foundations of the 'Urābist movement are discussed, the economic responses attempted during that period by this or other moves are either ignored or mentioned only in a cursory fashion. Third, and largely a manifestation of the former two points, various studies of the nationalist movement during this period depict it from the perspectives of the officers and/or the intelligentsia, with apparently limited interest in the responses of the economic elites or capital owners. The main exception in this respect is Abu-Lughod's article, which takes the transformation in Egypt's elites as its direct subject. The relative brevity of the treatment in this article, however, limits its scope, even though its conclusions remain important for the purpose of this study.

As far as social groups are concerned, the relevant scholarly works on nineteenth century economic and social history of Egypt focus their attention on the class of large landowners. In this respect, the most important contribution in Arabic is 'Ali Barakāt's work, which is a thorough study based on archival research of the formation and political influence of large landholders in Egypt up to 1914. There is also an earlier contribution by Ḥāmid on this topic, covering roughly the same period and similarly discussing the formation of large landholders, their groups, their political role, and the economic impact of large landholdings. Relevant scholarly production in English language include mainly the works by Gabriel Baer--extensively used by Barakāt and Ḥāmid--and the contribution by Kenneth Cuno as far as the earlier part of the studied period is concerned. There are more general works on the socio-economic history of Egypt for various periods between the nineteenth and twentieth centuries which discuss in some of their parts large landholders and, occasionally, other groups of economic elites. These include works by Tāhir 'Abd al-Ḥakīm and a monograph by Ramaḍān. One may add to this list some sections in the works of 'Īsā and Sālim as well as the two articles by Abu-Lughod and Ramadan, all of which were mentioned in the previous paragraph. Generally speaking, the parts devoted to the economic activities of large landholders in these works focus on the agricultural sector without discussing attempts by landholders outside this sector.

The fourth dimension in the definition of the scope of this study is whether there were attempts to establish modern national banks in the nineteenth century. The more recent studies on the history of modern banking in Egypt were done by 'Alī al-Jirītī and Robert Tignor. There are earlier studies on this subject, either generally as in the work of Albert Forte or on some specific aspect of it as in Gabriel Guémard's study of mortgage banking. There are other works which include parts that address nineteenth century banking in Egypt. These include Jacques Thobie's article on European banks in the Middle East up to 1914 which addresses the case of Egypt next to Turkey and Iran, Mohammed Ali Rifaat's treatise on the history and working of Egypt's monetary system, A.J.Baster's article on the early expansion of British banking in the Ottoman Empire, and a monograph by 'Alī 'Abd al-Rasūl on commercial banking which makes some allusion to the call for a national bank in the nineteenth century. The greatest majority of these works confine their attention to institutional developments in banking. Hence, endeavours that did not culminate in the actual establishment of a bank fall largely outside their focus. Apart from the general institutional development depicted in these works, the two articles by Thobie and Tignor offer additional insight to some specific aspects of that development. Thobie's work includes a useful discussion of the political implications of European banking in the Middle East during the nineteenth century, particularly in connection with the debt crisis. Tignor's article examines the emergence of Egyptian national banking as an instance of encounter by the social and economic elites of the country with modern banking. This approach to the subject is clearly manifested in Tignor's choice of the period 1855-1920 as the time framework for his article, an interval which marks the period between the incorporation of a modern bank in Egypt by European capital and the first success of national attempts to establish such a bank. This article, however, exclusively focuses on the twentieth century in its discussion of national banking attempts and does not include information on nineteenth century endeavours.

Thus, the examination of literature showed that various coverage existed for the individual dimensions defining its scope, but that the issue of economic responses by capital owners to European penetration during the nineteenth century was not previously addressed in any scholarly fashion, if we keep aside the work by Ramaḍān on the grounds of brevity and style. On the basis of this survey and the historical framework outlined in the preceding section, it appeared that such inquiry into nineteenth century economic nationalism would be a well founded endeavour.

Primary Sources

Research in primary sources proceeded along the four dimensions identified earlier. The initial study focused on the period between 1878 and 1882, a period in which the European-dominated Commission of Inquiry was created and when British occupation of Egypt took place. This range was chosen on the premise that it was more likely to find expressions of economic nationalism between those two events.

The choice of primary sources was based on their availability in the places where the research was conducted, mainly in Cairo and Montreal. There were four types of source material consulted in Egypt. The first of these was the official archives of the Egyptian government deposited in Dār al-Wathā'iq al-Qawmiyah. This did not yield an outcome of significant importance for the purpose of this study. There was some material on the commercial dealings of foreign consulars and some details on the role of European bankers in the creation of companies in the 1860s and 1870s. This information was useful for the present work, albeit in a supplementary fashion only.

Research in newspapers published in Egypt in Arabic and European languages was determined by the availability of relevant volumes in Dār al-Kutub al-Miṣriyah and, when available, by the condition of their individual issues. The exception in this respect was the Egyptian daily *al-Ahrām*, for which microfilmed versions are available, although some of the issues in the consulted microfilms had already deteriorated by the time they were filmed. Research in *al-Ahrām*, *al-Tijārah* and *al-Waqā'i' al-Miṣriyah* provided important information in two general directions: the political context of the studied period and perceptions of the economic conditions of different groups of producers during that time. A more specific finding through this type of sources was some material on a project for a national bank envisaged by Amīn Shumayyil, a Syrian intellectual in Egypt.

A third type of researched Egyptian primary sources were laws and statistics. Thanks to published compilations, the handling of this material was more feasible. The ones most extensively used for this study were the eight-volume compilation of laws and decrees by Filib Jallād classified by subject, the official annual volumes of *Fihrist al-Awāmir al-ʿĀliyah* classified by date of issuance, and the six-volume

compilation and analysis of parliamentary material by Ṣubḥī Khalīl. These were crucial in determining that the brief interruption of European control between April and June 1879 by a group of Egypt's political and economic elites was a distinct phase in the nationalist movement. Through these compilations, it was possible to view and study the original texts of decrees pertaining to fiscal reorganization and debt settlement, which reflected the centre of the confrontation between European control and this nationalist movement. Of particular significance in this respect was a document entitled "al-Lā'ihah al-Waṭaniyah" which incorporated the financial and political scheme of the nationalist movement. Through these compilations, it was also possible to trace and study the general features of other relevant issues through a longer span of time, like the debt crises in the countryside between the late 1860s and the late 1870s, the process of adjusting laws to the expansion in the use of European machinery as an incidence of modernization, and the articles of incorporation of various businesses between 1879 and 1881.

Finally, there were various primary accounts which were presented either as a writing of history, like those of Ismā'īl Sarhank and Mikhā'īl Shārūbīm, or by way of diaries or memoirs, like those of Muḥammad 'Abduh, 'Abd Allāh al-Nadīm, and Aḥmad 'Urābī. These provided useful information on the political movement in 1879 as well as some supporting points of detail relevant to various aspects of this study. For our purpose, however, the most important primary account was the six-volume work of Salīm Khalīl al-Naqqāsh, which contained direct evidence on the expression of economic nationalism in the studied period, most importantly a communiqué issued by Egyptian notables under the title "Inmā' al-Māl," which carried their own vision for a national bank.

The consulted Western primary sources included mainly official British papers, nineteenth century newspapers and periodicals, and primary accounts written by foreign officials, residents and visitors. There were various volumes of British Parliamentary Papers published between 1876 and 1883 which were utilized in this study. These volumes provided rich details on the political movement in 1879 as well as on various schemes for debt settlement. This information was supplemented by information from various sections of *The Times*, particularly the news columns, editorials, letters to the editor, money market intelligence, and periodic reports by occasional and regular correspondents. Articles collected from scholarly nineteenth

century periodicals, particularly *The Nineteenth Century*, *The Fortnightly Review*, and *The Contemporary Review*, provided analysis by contemporaries of a broad variety of topics. Other more popular periodicals, like *Chambers's Journal of Popular Literature, Science and Art* and *MacMillan's Magazine*, provided narratives and observations on a variety of matters relevant to living and working conditions of Europeans and nationals. Of the various primary accounts written by way of memoirs, the accounts of Lord Cromer and Rivers Wilson in particular were useful in providing details on the working of the Commission of Inquiry as well as on their own narratives of the 1879 movement. Primary accounts written by way of general observations on social and economic conditions, particularly the account of Mackenzie Wallace, provided useful details on social groups and activities in rural and urban communities.

Findings and Aspects of Originality

As indicated in the previous sections, the earlier phases of this study led to the conclusion that there were at least two calls in 1879 for the establishment of a national bank, and that they took place within an immediate political context during which the trend of switching control over the finances and administration of Egypt to European powers was interrupted. The group that led this movement belonged to large landholders who traditionally combined economic privileges with political control within the social order that existed prior to European control. Hence, this group is referred to by the expression "the traditional elites" throughout this study. This group should be distinguished from other domestic groups of economic elites who, it appears, conducted different economic activities and did not possess the same political status. At least a significant proportion of those latter groups came from various ethnic and religious minorities and seem to have participated in the promotion of foreign capital activities in a variety of forms, including the creation of joint-stock banks. Besides the call for a national bank, the movement of the traditional elites in 1879 involved an elaboration of their own fiscal and political program in "al-Lā'ihah al-Waṭāniyah" and their subsequent formation of a national cabinet which attempted to implement that program.

Eventually, the orientation of this study focused on the available material of and on the 1879 movement as a manifestation of economic nationalism during the late 1870s/early 1880s. Consequently, the study itself involved a detailed examination

of a number of documents which were either unknown or treated only in a cursory or partial fashion in the literature. There are four principal documents analyzed in detail in various chapters and appendices of the present study: "al-Lā'ihah al-Waṭaniyah" which incorporated the program of the 1879 movement; two documents pertaining to Amīn Shumayyil's proposal for a national bank in 1879; and its contemporary "Inmā' al-Māl" which articulated the traditional elites' perception of a national bank. There are also a variety of other documents which are discussed in the present study either for the first time or beyond the way they were treated elsewhere. Some of these documents have already been indicated in the preceding section on primary sources, like those on the political movement in 1879, the village debt crisis of the late 1860s, and the formation of companies in the late 1870s/early 1880s. This study may also claim originality in its approach inasmuch as it attempted to place the call for a national bank in 1879 within two contexts: first, the political and social economy of that period and second, the institutional developments in the banking industry in Egypt by that date.

As far as the specific findings are concerned, there are three points which may be highlighted. First, the study conclusively shows that there were expressions of economic nationalism in the late 1870s which took place side by side with other manifestations of nationalism during that time. In this respect, the analysis of various expressions shows that the connotations of that concept varied among the different parties that adopted this platform, even when these parties were, generally speaking, political allies. Furthermore, a brief contrast to the 1910s, the period recognized in the literature as the founding period of Egyptian economic nationalism, shows that the change in the context by that time imposed a change in the ideological tenets of economic nationalism. Whether within the same period or across periods, therefore, the suggestion that there existed expressions of economic nationalism should not be taken to mean that these carried a uniform thought or set of ideas.

Second, the study conclusively shows that there were calls for the establishment of a national bank at least forty years prior to the creation of Bank Miṣr. The general vision underlying the later attempt by Ṭal'at Ḥarb had been laid out at that earlier date, and Ḥarb himself acknowledged this in an attempt to foster his own call by way of drawing historical roots for it. Third, the study highlights the importance

and significance of the nationalist movement of 1879 as a distinct move from that of 'Urābī with respect to the social forces that led it and to the agenda which they adopted. Accordingly, this study suggests that the 1879 move should be approached by scholarship in that vein rather than as a mere background to the 'Urābist nationalist movement.

Presentation of Results

The findings of this study are presented herein in six chapters, an epilogue and a final conclusion. The first two chapters depict the longer term factors that shaped the examined expressions of economic nationalism. Starting by the global context, a brief outline is given for the integration of Egypt in the world economy, with an emphasis on concomitant developments in the applications of modern banking in Egypt and the domestic groups that played a part in it. The domestic dimension of relevant long term factors is subsequently addressed through analyzing the rise of the groups that led the political movement of 1879, the "traditional elites," and particularly the political and economic basis of the faction that sponsored the call for a national bank, the *a'yān*. Chapters three and four are devoted to the nationalist movement of 1879. In the first of these, the immediate political and economic context and program of that movement is analyzed, including a discussion of the forces that participated in it, a comparative analysis of the financial plans of the movement and of European control, the significance of constitutional demands, and an examination of different accounts on the role of the Khedive. Subsequently, the agenda of the nationalist cabinet is examined, particularly its endeavours to fulfill the debt settlement promises contained in the nationalist plans, its various attempts to resolve the financial strains that surrounded its operations, and the ultimate failure of these efforts. The call for a national bank is then addressed in chapter five through a comparative examination of the two calls of Shumayyil and "Inmā' al-Māl." After drawing aspects of variations between these two calls in that chapter, their common elements are delineated in chapter six and are used with other detected expressions of economic nationalism during this period to derive the general components of this brand of economic nationalism. In the epilogue, a brief contrast is attempted between the connotations of the examined brand of economic nationalism for the late 1870s and that of the 1910s. The findings of the study and its implications are summarized in the final conclusion.

Eight appendices are attached at the end of this presentation. The first three appendices include respectively a breakdown of the foreign debt of Egypt, an idea of the range of services of commercial banks in the late 1870s as reflected in a sample advertisement by *Crédit Lyonnais*, and some indicators of the rise of mortgage banking by that time. Appendix four includes a description and analysis of some aspects of "*al-Lā'ihah al-Waṭanīyah*" beyond those covered in the relevant chapter, as well as a note on its sources and previous coverage in existing literature. The following two appendices include a translation of Shumayyil's letter to the Egyptian press on his project and of "*Inmā' al-Māl*," together with notes on the sources. Appendix seven provides photocopies of the original Arabic texts of the two latter documents. Finally, appendix eight carries a summary of basic information on joint-stock companies established in Egypt between 1880 and 1881 in an attempt to verify the beginning of the rise in the joint-stock structure of enterprise at that period.

The results reported herein point to some directions for further research on the genesis and development of the entrepreneurial society of Egypt in the nineteenth and early twentieth centuries. As mentioned in the final conclusion, one specific direction in this respect would be an examination of a group of financiers who came mainly from various minorities and who played an important role in the promotion of modern enterprise in Egypt. Throughout this study, the conventional designation "private bankers" is accepted here in referring to this group. Another interesting direction for further research would be to trace how the entrepreneurial society of Egypt developed into a more cosmopolitan and urban society between the period studied here and the early 1910s, and how this was finally reflected in a different brand of economic nationalism within the call for *Bank Miṣr*.

Chapter One: Egypt in the Global Economy, 1850-1880

(A) The European Impulse

From a global history perspective, the nineteenth century was a period when the Middle East, as other non-industrialized economies, was increasingly becoming integrated in the world economy as a supplier of raw materials, a market for manufactured products, and a receiver of foreign capital.¹ The impetus for integration came from Europe as the increased application of power and machinery caused an expansion in the production potential of industrial economies, which was not matched by a similar expansion in domestic markets. Consequently, an outward movement started in the industrial centres of Europe around the middle of the nineteenth-century, first from Britain, then Belgium and France, and later Germany.² As each of these countries "surmounted its first phase of industrial development and found capital accumulating,"³ it expanded abroad for commercial and investment opportunities in Africa, Asia, Russia, the Ottoman Empire, and the

¹ For a theoretical framework of analysis, see Immanuel Wallerstein et al., "The Incorporation of the Ottoman Empire in the World-Economy," in *The Ottoman Empire and the World Economy*, ed. Huri Islamoglu-Inan (Cambridge & Paris, 1987). For an interpretative overall account of economic developments, see Roger Owen, *The Middle East in the World Economy 1800-1914* (London & New York, 1993). For a more comprehensive social-history approach, see Ira M. Lapidus, *A History of Islamic Societies* (Cambridge & New York, 1988), pp. 268-275. For a Marxist account on this period, see Ramzi Zakī, *al-Tārikh al-Naqdī lil-Takhalluf* (Kuwait, 1987).

² On capital exports from Britain, France and Germany respectively, see Karl Erich Born, *International Banking in the 19th and 20th Centuries* (Warwickshire, 1983); originally published as *Geld und Banken im 19. und 20. Jahrhundert* (Stuttgart, 1977), pp. 115-117, 119-122, 123-129.

³ A.E.Crouchley, *The Investment of Foreign Capital in Egyptian Companies and Public Debt* (Cairo, 1936), p. 2. For detailed accounts on European growth and the export of capital to the Middle East, see David S. Landes, *The Unbound Prometheus: Technological Change and Industrial Development in Western Europe from 1750 to the Present* (Cambridge, 1976), pp. 193-230. See also Samir Saul, "From the Anglo-Egyptian Bank to Barclays (DCO): A Century of Overseas Banking," in *Proceedings of the Conference on Business History, October 24 and 25, 1994, Rotterdam*, ed. Mila Davids, Ferry de Goey and Dirk de Wit (Rotterdam, 1995), p. 383. See also Jacques Thobie, "European banks in the Middle East," in *International Banking 1870-1914*, ed. Rondo Cameron and V.I.Bovykin (New York & Oxford, 1991), p. 406.

Far East.⁴ Exports of commodities and capital from Europe to the solicited markets went hand in hand.

They needed ports, railways, roads, the development of agricultural areas, the supply of public services. But all this costs money, and very often money was just what these backward states were short of themselves. It appeared both profitable and at the same time philanthropic to lend them the money and then to sell to them the rail-roads and other equipment they so desired, to be paid for out of the funds advanced.⁵

Egypt was one incidence of this integration, first as a main source of raw cotton, then as a borrower to finance largely the construction of an infrastructure network that would match the ongoing commercial expansion. Eventually, the accumulation of debt and Egypt's inability to service its burden resulted in Egypt's subjection to direct European control over public affairs and the gradual enforcement by that control of changes in the fiscal and political administration of the country. This trend was first interrupted in the late 1870s by various interest groups who moved against European control on a nationalist platform. Inasmuch as this was a movement against European domination, it was a verification of integration on more subtle levels. First, the adoption of a nationalist platform was in itself a recognition of the nation-state as a political framework of reference and identity. Second, the nationalist movement was inspired by ideas of modernity which borrowed directly from observed European models. Among the major manifestations of that borrowing was the recognition of the primacy of economic factors in national self-assertion, and the consequent conviction that emulating European business and economic institutions was the means for safeguarding Egyptian national interests.

1. Institutional Developments in Europe

While European industry provided the financial basis for capital exports, there was a concomitant evolution towards a "progressive adaptation of the usages of an agrarian, community-centered, tradition-bound society to the requirements of an industrial, individualistic, and rational - hence mobile - capitalism."⁶ Among the

⁴ For more details on the directions and forms of capital exports, see D.K.Fieldhouse, *Economics and Empire 1830-1914* (New York, 1973), pp. 54-59.

⁵ Crouchley, *Investment*, pp. 1-2.

⁶ Landes, *Unbound Prometheus*, p. 199.

most important developments that enhanced Europe's outward movement and later inspired Egyptian economic nationalism was the spread of joint-stock entities. Until the 1850s and 1860s, joint-stock companies in Europe were "a departure from the norms of business organization, an aberration requiring the express sanction of the state."⁷ This changed around the mid-nineteenth century, with steps like the Company Acts of 1855 and 1856 in England which allowed the automatic incorporation of limited liability companies by simple registration.⁸ Since joint-stock companies are entities where ownership changes hands by simple trading of shares, the promotion of such entities had revolutionary implications for the mobilization of capital.

When the "Council established at Plymouth in the County of Devon for the Planting, Ruling, Ordering and Governing of New England in America" was established in 1620, the gentlemen whose names were on its subscription list were known to each other and to everyone else. The investment was an enterprise of familiars. The New York, New Haven & Hartford Railway ... likewise drew capital from Europe. But its securities changed hands daily, unremarked midst the multitude of similar transactions. The investment had become large-scale, and anonymous. Thousands of individuals unknown to each other joined to support a company of whose existence a periodical report would be their most direct proof. History was being made without a signature.⁹

Another important development which similarly enhanced European expansion and inspired Egyptian economic nationalism was the evolution of modern banks as agents for the export of capital from Europe. Until the end of the eighteenth-century, the European credit system was dominated by Private or Merchant Banks.¹⁰ The term "Private Banker" applied to all individual entrepreneurs "who engage[d] in banking operations, using their own capital ... and [acted] with exclusive powers of decision-making (i.e. without an authority, such as a board of directors, above

⁷ David S. Landes, *Bankers and Pashas: International Finance and Economic Imperialism in Egypt* (London, 1958), p. 16. Landes says that this was the case everywhere except in parts of the United States.

⁸ Ibid., p. 54.

⁹ Herbert Feis, *Europe: The World's Banker 1870-1914* (New York, 1964), p. 464.

¹⁰ Landes, *Bankers and Pashas*, pp. 8-9. 'Alī al-Jirītlī covers the earlier evolution of banks from their mercantilist predecessors within his history of banking in Egypt. See 'Alī al-Jirītlī, *Ṭaṭawwūr al-Niẓām al-Maṣrafī fī Miṣr*, in al-Jam'īyah al-Miṣriyah lil-Iqtisād al-Siyāsī wa-al-Iḥṣā' wa-al-Tashrī', *Buḥūth al-'Id al-Khamsīnī* (Cairo, 1960), pp. 197-198. See also Zakī, pp. 30-31, 37.

decision-making (i.e. without an authority, such as a board of directors, above them)."¹¹ These banks focused on transactions of short-term nature, namely international exchange and commercial credit business. Although the investment of long-term funds was outside the normal business of private or merchant banks, these institutions continued to lead the credit system in Europe during the earlier phases of industrialization.¹² This is manifested in the considerable expansion in private banks in England, who had "the largest number of private banking houses [with] the greatest financial power and the most extensive business network,"¹³ from 42 institutions in the mid eighteenth-century to 543 by 1804.¹⁴

With the accumulation of capital from industrial expansion, the opportunity arose for agents that could mobilize and channel vast amounts of savings from Europe to other parts of the world. The banking industry adapted by evolving in three basic and overlapping directions. First, there was the trend towards "investment banking," or the provision of long-term funds in the form of government bonds, mortgage loans, or industrial stock, which started around the end of the eighteenth-century. In contrast to commercial banking, investment banking focused on "the creation or utilization of durable capital," which implied the "immobilization of the funds of either the banker or the ultimate investor over a considerable period of time."¹⁵ Second, joint-stock banks emerged and gradually took over from private banks. This expanded the amount of funds that each bank could mobilize. Some of those new banks specialized in long-term financing and were known as "finance companies," the first important model of which was the *Crédit Mobilier*, founded in France in 1852.¹⁶ Third, in line with the outward orientation of the European economy, "international banks" were formed for the specific purpose of "transfer[ing] capital, in one form or another, from countries where it is cheap to countries where it is dear."¹⁷ One brand of international banks were "overseas banks," which were banks founded outside Europe "for the sole purpose of

¹¹ Born, p. 20.

¹² Ibid., pp. 20-21. Born contends that during the first phase of industrialization and railway construction and until about 1850, the European credit system "was still dominated by banks which had been established in the pre-industrial period: private bankers, public banks and state banks."

¹³ Ibid., pp. 20-21.

¹⁴ Ibid., pp. 20-21.

¹⁵ Landes, *Bankers and Pashas*, p. 9. This discussion on the rise of investment banking draws mainly from *ibid.*, pp. 8-13.

¹⁶ Ibid., pp. 47-61; Born, pp. 20-21, 60-64.

¹⁷ A.S.J Baster, *The International Banks* (London, 1935), p. 1.

banking in certain overseas regions."¹⁸ Between 1853 and 1913, sixty eight British overseas banks were founded, the earliest of which was Bank of Egypt (1856).¹⁹ The interconnections between capital accumulation, long-term lending, and the emergence of joint-stock and overseas banking is identified in the following passage which referred to the context of founding the Anglo-Egyptian Bank in 1864:

By the mid-nineteenth-century, the increasing amounts of available capital and the advent of the limited-liability company fostered the multiplication of firms operating far from their home base. Overseas banking was characterized by the twin processes of raising funds mainly in Europe and employing them beyond its borders.²⁰

2. Implications of the Nation-State Framework

The political framework within which capital movements occurred, namely that of ambitious, competing nation-states, created a dimension of economic nationalism in the export of capital. This was partly manifested in a link that existed between international or overseas banking and foreign policy. Capital became regarded by the official circles of lending countries as a political instrument, to the extent that "[t]he uses which the spared capital of western Europe found were often determined by political circumstance rather than by economic or financial calculation."²¹ The promotion of British banks in Turkey demonstrated that link.

Nationalist considerations apart, it is probable that the creation of British banks in Turkey would have proceeded along very different lines. As it was, the usefulness of such institutions as the Imperial Ottoman Bank as a weapon for the economic

¹⁸ Born, p. 116. "Overseas banks" are also defined similarly in Saul, p. 383.

¹⁹ Born, pp. 116-117; Baster, *International Banks*, p. 61.

²⁰ Saul, p. 383.

²¹ See Feis, pp. 465-466 cf. Born, pp. 115-116, 149. The connection between capital movements and national policy was stronger in certain major fields of business activity, like the financing of railway construction in the 1850s. According to Jenks, it was possible during that period to construct many railway lines in foreign lands which were justified as "national objects," but were not commercially feasible. In such instances, the support by the government of the capital exporting country took a variety of ways, like subsidies of land or capital and like preferred treatment for the concerned project, made the construction possible. See Leland H. Jenks, *The Migration of British Capital to 1875* (New York, 1927), pp. 168-169.

penetration of a backward country provided nineteenth century diplomacy with a striking object lesson.²²

Because banks were instrumental in the promotion of capital exports and foreign trade, governments of industrial Europe supported the expansion of their countries' banks in foreign lands, "fearful lest other nations should stake too large a claim on the economic resources of underdeveloped countries."²³ There are many examples for the connections between banks and governments. The British government assisted banks like the Ottoman Bank, the Imperial Bank of Persia, and the London Bank of Tunis on the ground that "these banks, as vehicles for the export of British capital, represented not only the expansion of British economic enterprise but also of British political influence."²⁴ France subjected the Comptoir National d'Escompte, the first French bank to enter the foreign field directly and among the major lenders to Egypt, to government supervision in 1860. The Imperial Ottoman Bank was, "after its reorganization in 1863, the more or less willing co-operator of the French Foreign Office in diplomatic negotiations with Turkey."²⁵ Modern banking, thus, operated in harmony with the historical characteristic of that age: forging and reinforcing a process of integration of non-industrialized lands (themselves capital importers) into a global economic system dominated by industrialized nation-states or countries (themselves capital exporters). Through the activities of foreign capital, various regions became integrated in a world-wide industrial economy with Europe at its centre. On a more subtle level, this integration carried with it an encounter with new principles of production organization and business practices characteristic of the industrial society: "the world of machines, of organized, time-consuming production, of large-scale exchange, of numbers."²⁶

²² A.S.J. Baster, "The Origins of British Banking Expansion in the Near East," *Economic History Review* 5 (October 1934): 86. Baster clarifies in a footnote that the "recent claim" refers to a contention in Feis, p. 321. For the connection between foreign policy and specific loan transactions, see also Born, pp. 149, 156-157.

²³ Baster, *International Banks*, p. 34.

²⁴ *Ibid.*, p. 34.

²⁵ *Ibid.*, p. 36. For the preceding example of Comptoir National and more examples from France and Germany, see *ibid.*, pp. 35-37.

²⁶ Feis, p. xv.

(B) The Integration of Egypt in the World Economy.

1. Commercial Integration: Egypt as Cotton Exporter

Egypt had emerged as an exporter of long-staple cotton since the earlier decades of the nineteenth century. At the beginning of the 1860s, the American Civil War brought with it a cotton boom (1861-1865), which caused a significant expansion in the production of cotton as well as in the earnings from its cultivation and processing. Between 1861 and 1865, cotton exports expanded from LE 1.4 million to LE 15.4 million, the quantities exported quadrupled from 0.6 million *qintār* to 2.5 million *qintārs*, the area grown with cotton reached five times its initial level and the share of the Egyptian long-staple Jumel cotton in the international market increased from 3% to 12%. This growth was generally sustained in the longer term. Notwithstanding the immediate drop in cotton export prices following the boom, quantities exported and export proceeds maintained a generally high level in comparison to the pre-boom period. Five-years averages for the periods from 1845-1849 to 1875-1879 show a growth in export proceeds and quantities from LE 0.4 million to LE 8.4 million and from 0.2 million *qintār* to 2.2 million *qintārs* respectively.²⁷ For the rest of the nineteenth-century, British textiles industry remained dependent on Egyptian cotton supplies as evidenced in *The Economist*.

In Bolton, where fine counts are spun from Egyptian cotton, trade is languishing. Many mills have part machinery standing idle; others are stopped altogether, or running short time. No improvement is expected till the new crop of cotton arrives from Alexandria, a few months hence.²⁸

Consequently, some local-foreign traders of cotton opened branches in Liverpool, while others expanded by growing their own cotton or operating their own ginning outfits.²⁹ The growth in cotton exports stimulated a growth in foreign trade which

²⁷ These figures are based on data taken from various parts of Roger Owen, *Cotton and the Egyptian Economy, 1820-1914: A Study in Trade and Development* (Oxford, 1969). See *ibid.*, pp. 89-91, 124, 161, 163, 166. Virtually the same figures are used by 'Alī al-Jirītī with respect to the quantities of exports. He also says that profits of cotton producers and traders increased between 1860, 1862 and 1864 from 11 to 32 to 52 Riyāls per *qintār* respectively. al-Jirītī, pp. 203-204.

²⁸ *The Economist*, 14/ 9/1895.

²⁹ For specific examples, see Owen, *Cotton*, p. 128 who cites, among other works, R. Dalven, trans., *The Complete Poems of C.P. Cavafy* (London, 1961), p. 211.

was manifested in the rise in Egypt's position as a trade partner with Britain and the expansion in the commercial activity of Alexandria as Egypt's prime sea-port. By 1860, just before the boom, Egypt had already moved from the 26th place in 1848 to the 12th as a consumer of British exports, and from the 10th in 1854 to the 6th as a supplier of British imports.³⁰ A few years later, Alexandria became the 4th Mediterranean port in terms of tonnage of incoming and outgoing ships (compared to 11th in 1850).³¹

A corresponding development took place in public utilities, infrastructure, and irrigation networks in order to accommodate the expansion in trade.³² Most of the related works were done during the reign of Ismā'il (1864-1879), and involved European capital, European concessionaires, and European international companies. The French company Dussau worked on the expansion of the Suez port and the building of a floating dock for ship repair, and the British Greenfield and Elliot undertook the repair and expansion of the Alexandria port.³³ Between 1854 and 1881, seven concessions were awarded to develop water-supply, gas, electricity, tramlines and telephone services in Alexandria, Cairo, the Canal cities, and major Delta cities. Lebon & Co. monopolized gas and electricity supply of Alexandria, Cairo and Port Sa'id between 1865 and 1899. Some other concessions entailed the foundation of joint-stock companies registered either in London or Paris: Alexandria-Ramleh Railway Company (1862, London), Société Anonyme des Eaux du Caire (1865, Paris), the Telephone Company of Egypt Ltd. (1883, London), and Société Civile des Eaux d'Alexandrie (based on an 1857 concession and sold to the Alexandria Water Company, London in 1879).³⁴ Official registers show that some of these companies continued to exist through the mid twentieth

³⁰ Landes, *Bankers and Pashas*, p. 85 n. 1. A summary of the balance of trade for the period 1860-1874 can also be found in *ibid.*, pp. 329-330.

³¹ Owen, *Cotton*, p. 142.

³² For specific examples of the expansion in irrigation and transportation networks and the European companies involved in the related contracts, see A.E. Crouchley, *The Economic Development of Modern Egypt* (London, 1938), pp. 112, 116-117; M.G. Mulhall, "Egyptian Finance," *Contemporary Review* 42 (1882): 529; Aḥmad al-Ḥittah, *Tārīkh iṣr al-Iqtisādī fī al-Qarn al-Tāsi* 'Ashr (Cairo, 1967), pp. 216, 234, 236, 238, 257, 261.

³³ On the works of both Dussau and Greenfield & Elliot, see al-Ḥittah, pp. 236, 238.

³⁴ For further details on these concessions and the related companies, see Crouchley, *Investment*, pp. 35-38. For tabulated data on developments in some of these companies up to the early twentieth century, see *ibid.*, pp. 107-118.

century.³⁵ The production, infrastructure, and public utility networks of Egypt were thus gradually transformed, with direct European input, to adjust to Egypt's role as a major cotton supplier to the European industrial centre.

2. Integration in European Capital Markets: Egypt as Borrower

Under monopoly, Muḥammad 'Alī financed occasional budget deficits by borrowing from Alexandrian merchants and large international companies against future crops.³⁶ Muḥammad 'Alī's lenders included the East India Company and the Peninsular and Oriental, both British.³⁷ This practice could continue as long as the government gained possession of crops at the harvest time and had only occasional borrowing needs. Government revenues were strained since the beginning of Sa'īd's reign (1854-1863) due to public spending on the Suez Canal, European-style urban infrastructure, public utilities, and other expenses related to the expansion in foreign trade, a trend which was furthered under Ismā'īl (1863-1879). For example, an estimated £9.9 to £13.4 million were spent on constructing 22 railway lines that covered some 1,200 kilometers during that period, and an additional £1.2 to £2.5 million on the port of Alexandria.³⁸ In eleven out of the fourteen years between 1860 and 1873, revenue coverage for expenses barely exceeded the 50% mark. Within this period, revenues rose from LE 2.1 million in 1861 to LE 5.7 million in 1871 (an increase of 165%) while expenses rose from LE 3.0 million to 15.1 million (an increase of 405%).³⁹

Unlike Muḥammad 'Alī, Sa'īd and Ismā'īl functioned in a liberalized agricultural market, which meant that the ruler had no claim over future crops, and had consequently to seek loans backed by the lender's clean confidence. For some time,

³⁵ Maṣlaḥat al-Iḥṣā' wa-al-Ti'dād, *Iḥṣā' al-Sharikāt al-Musāhimah* (Cairo, 1941). See also the same compilation for 1949-1950.

³⁶ al-Ḥittah, pp. 331-332; Landes, *Bankers and Pashas*, p. 106 n. 2; Owen, *Cotton*, p. 84.

³⁷ al-Jirītī, p. 200. For the activities of The Peninsular and Oriental with the Egyptian government in engineering works, railway construction, and general contracting, and the concessions it held in these fields, see Landes, *Bankers and Pashas*, pp. 106, 165, 179-180, 225-226; al-Ḥittah, pp. 217, 234; Owen, *Cotton*, p. 84.

³⁸ On works done and amounts spent, see al-Ḥittah, pp. 229-230; Mulhall, pp. 529-531; Owen, *Cotton*, Table 19, p. 14; Crouchley, *Economic Development*, p. 117.

³⁹ Abdel-Maksud Hamza, *The Public Debt of Egypt, 1854-1876* (Cairo, 1944), pp. 46-47, 236-239, 256-257; Landes, *Bankers and Pashas*, pp. 339-340; 'Abd al-Raḥman al-Rāfi'i, *'Aṣr Ismā'īl* (Cairo, 1948), vol. 2, pp. 26-36, 41-42, 76-77. The exchange rate at that time was £1.00=Pts. 97.5 or LE 0.975. See Owen, *Cotton*, p. 384.

borrowing from merchants and large international companies continued but against promissory notes instead of crops.⁴⁰ Starting in the late 1850s, Sa'id began to use borrowing instruments which involved European capital markets, if indirectly, by issuing short-term bearer bonds whose holders could dispose of them abroad.⁴¹ The issuance of short-term bearer bonds soon gave way to borrowing in Europe's long-term capital markets.⁴² In July 1860, Egypt concluded its first foreign loan for FF 28 million in the form of non-negotiable treasury bonds borrowed from the Comptoir d'Escompte and Charles Lafitte et Cie. of Paris, secured by second mortgage over the Alexandria customs, and guaranteed by the French government. In April 1862, it contracted its first foreign public loan for FF 60 million with Oppenheim, Neveu & Co. of Alexandria, as representatives for the Bank of Saxe-Meiningen. Frühling and Goschen acted as London agents and issued the underlying negotiable bonds.⁴³ Under Khedive Ismā'il (1863-1879), seven more foreign public loans were issued up to 1873. Thus, between 1862 and 1873, Egypt

⁴⁰ al-Ḥittah, pp. 331-332; Landes, *Bankers and Pashas*, p. 106; Owen, *Cotton*, p. 84. There is at least one account that the Peninsular and Oriental advanced funds in the early 1850s to partly finance the Cairo-Alexandria railway line. However, the information on this point is partly contradictory. Reviewing the different accounts in Jenks, al-Ḥittah, and Owen (who cites Jenks but with some variations), it would seem that a loan was advanced by the P.&O. sometime between 1851 or 1852 (when the project was approved or when it started) and 1856 (when it was completed) and that this loan was specifically earmarked to finance the Cairo-Alexandria railway. It is more likely, however, that this loan was made during the earlier phases of the project at the time of 'Abbās, rather than later under Sa'id. See Jenks, p. 302 cf. Owen, *Cotton*, p. 84, citing Jenks, p. 302; al-Ḥittah, pp. 226-228, 331-332. Information on the railway line can be found in al-Rāfi'i, *ʿAṣr Ismā'il*, vol. 1, pp. 14, 16 and in Landes, *Bankers and Pashas*, p. 83.

⁴¹ Owen, *Cotton*, p. 84.

⁴² Hamza, pp. 46-47, 237-239, 256-257; Mulhall, pp. 525-535. There are useful contemporary works on the public debt of Egypt. See A. J. Wilson, "The Financial Position of Egypt," *Fraser's Magazine*, n.s. 13 (1876); idem., "The Game of Egyptian Finance," *Fraser's Magazine*, n.s. 16 (1879); Clinton E. Dawkins (former Under-Secretary of State for Finance in Egypt), "The Egyptian Public Debt," *North American Review* 173 (1901); "How We made Egypt Bankrupt?" *The Saturday Review* 57 (1884); "Egyptian Finance," *The Spectator* 75 (1884). There are also the chapters and parts in works on the economic or general history of Egypt, like those of al-Ḥittah, Luḥaṭṭah, and al-Rāfi'i. See al-Ḥittah, pp. 360-392; Maḥmūd Fahmī Luḥaṭṭah, *Tārīkh Miṣr al-Iqtisādī fī al-ʿUṣūr al-Ḥadīthah* (Cairo, 1944), pp. 227-240; al-Rāfi'i, *ʿAṣr Ismā'il*, vol. 1, pp. 64-66 and vol. 2, pp. 26-36, 41-42, 76-77.

⁴³ Hamza, pp. 51-54. Unlike the 1860 loan, this was the first of eight loans issued between 1862 and 1873 as negotiable instruments, i.e. a loan initially underwritten by a specific institution(s), but ultimately funded by means of public subscription in bonds which could change hands through the stock exchange, and which confer on their holders at any point of time the status of creditor to the Egyptian government.

issued eight public loans, the total nominal value of which was £68.5 million (Appendix I).⁴⁴ With each additional loan, more bondholders acquired a vested interest in the finances of Egypt.

Eventually, the accumulation of public debt reached proportions which led to the creation of European-dominated bodies, first to investigate Egyptian finances then later to administer it. This trend started with the invitation by the Khedive of a committee headed by a British senior official to report on the health of Egypt's finances (the Cave Commission, December 1875) and intensified following the first signs of insolvency with the suspension of interest payment in April 1876.⁴⁵ Immediately after that suspension, a separate fund, the Caisse de la Dette, was created on May 2, 1876 for the direct receipt and disbursement to bondholders of public revenues allocated for debt repayment.⁴⁶ Simultaneously, the bulk of the long-term foreign debt was consolidated into four major loans: Privileged Debt (some £17 million), Unified Debt (some £59 million), Syndicate of Paris (some £5 million), and Short-term Loans (some £3.5 million). Each had different terms with respect to maturity, interest, and security.⁴⁷ The consolidated debts were regulated by a decree issued on May 7 and partly modified by a more comprehensive decree on November 18, 1876. The latter decree also stipulated the creation of a Public Debt Commission representing the major holders of Egyptian debt by country (Britain, France, Austria and Italy) to oversee the due implementation of debt management regulations as specified therein.⁴⁸ A year later, European involvement culminated in the establishment of the Commission of Inquiry with a broad mandate which encompassed the fiscal, public and political administration of the country.

⁴⁴ Hamza, pp. 46-47; Landes, *Bankers and Pashas*, pp. 106-108.

⁴⁵ Crouchley, *Economic Development*, p. 123; al-Rāfi'i, *'Aṣr Ismā'il*, vol. 2, pp. 58-59.

⁴⁶ The related decrees can be found in Filīb Jallād, *Qāmūs al-Idārah wa-al-Qaḍā'* (Cairo, 1910), vol. 2, pp. 144-148.

⁴⁷ There was a fifth loan, the Dā'irah Loan (some £3 million) managed by a separate administration under a special arrangement. See the decree of November 18, 1876 in *ibid.*, vol. 2, pp. 135-140.

⁴⁸ Related decrees and regulations can be found in *ibid.*, vol. 2, pp. 133-144 and in *Fihrist al-Awāmir al-'Āliyah wa-al-Dikritāt 1876-1880*, pp. 2-10, 19-29. See also Derby to Lyons, 25/3/1876, *Parliamentary Papers, 1876, Egypt 8 (1876)*, vol. 83, pp. 27-29.

3. European Control and the Commission of Inquiry

The Commission of Inquiry was formed by a decree dated January 27, 1878, and the members of the Commission were appointed on March 30.⁴⁹ The Commission was headed by Ferdinand de Lesseps, the man who had obtained the Suez Canal concession from Sa'id in 1854. It included among its members the person who was to become two and a half years later Egypt's first Prime Minister, Nübār pasha, as well as Rivers Wilson, de Blignières and Rīyād who later occupied the key portfolios in Nübār's cabinet as Ministers of Finance, Public Works, and Interior respectively. The Commission's mandate was to investigate the causes of insolvency and recommend measures for financial reform. Since their early days, however, members of the Commission worked under the assumption that their job "should be no half measure,"⁵⁰ and that they would use bondholders' interests as a leverage for examining the entire financial and administrative organization of the country.⁵¹ In this respect, the Commission was a case in point for a process that occurred elsewhere.

⁴⁹ Among Arabic sources that discuss the formation of the Commission of Inquiry, see Muḥammad 'Abduh, *Mudhakkirāt al-Imām Muḥammad 'Abduh*, ed. Tāhir al-Tanāḥī (Cairo, 1963), pp. 59-62; Ismā'il Sarhank, *Haqā'iq al-Akhhbār 'an Duwal al-Bihār* (Bulāq, 1314 H [1896 AD]), p. 358; Amīn Sāmī, *Taqwīm al-Nīl* (Cairo, 1928-1936), vol. 3 pt. 3, pp. 1567-1569. A general overview of the network of financial and administrative control can be found in J.C. McCoan, *Egypt As It Is* (London, 1877), pp. 141-143; Auckland Colvin, *The Making of Modern Egypt* (Cairo, 1923), pp. 20-21, 22-24; al-Rāfi'i, *'Asr Ismā'il*, vol. 2, pp. 59-61, 64-68, 284-286. The reorganization of this network in the earlier period of Tawfīq is covered in Salīm Khalīl al-Naqqāsh, *Miṣr lil-Miṣriyyin* (Alexandria, 1884), vol. 4, pp. 24-26, 28-29. That reference contains also the text of Maḥmūd Sāmī al-Bārūdī's letter of formation of his cabinet in February 1882, in which he specifies the main bodies of European control that existed on the eve of the national movement of 1881-1882. See *ibid.*, vol. 4, p. 222. British involvement in the control of Egyptian finances can also be gleaned from Mowat's discussion of Lord Cromer's career in Egypt from Commissioner to Consul General in R.C. Mowat, "From Liberalism to Imperialism: The Case of Egypt, 1875-1887," *Historical Journal* 16 (1973). The earlier phases of foreign involvement and the role of the Goschen-Jubert mission are covered in C. Rivers Wilson, *Chapters from My Official Life* (London, 1916), pp. 102-103; and in Lord Cromer, *Modern Egypt* (London, 1908), vol. 1, pp. 12-15.

⁵⁰ Rivers Wilson, pp. 103-104, citing the recommendations of the British Consul General.

⁵¹ Cromer, vol. 1, p. 39. See also Schölch on how the Commission's recommendations led to a tightening of the creditor's grip on Egyptian affairs. Alexander Schölch, *Egypt for the Egyptians! The Socio-Political Crisis in Egypt 1878-1882* (London, 1981); originally published as *Ägypten den Ägyptern! Die politische und gesellschaftliche Krise den Jahre 1878-1882 in Ägypten* (Zurich, n.d.).

Cosmopolitan organisms endowed with extensive powers were thus put into place in Cairo and Constantinople [T]he new institutions played a political role deriving, not from any written text, but from their very existence. In that respect, the British and French banking groups and governments were the real decision makers in Constantinople and Cairo.⁵²

It soon became evident that the Commission of Inquiry would be the vehicle for transferring control over Egypt's public finances and administration to European hands. Immediately after its formation, the Commission took de-facto control over the administration of financial affairs. In May 1878, it presented a proposal for payments to government employees, which was sanctioned the following day.⁵³ By July, the Commission had extracted important concessions, related to annual expenditure and taxation.⁵⁴ In August, the Commission submitted its preliminary report, with recommendations regarding taxation, tax-administration, flood management, corvée labour, military conscription, and litigation.⁵⁵ Furthermore, the Commission also recommended measures which, as discussed in a later chapter, had the effect of curbing the Khedive's economic and political powers. All of the Commission's recommendations were accepted by Ismā'il, without reservations, on the premise that the country "is not African anymore[,] but is a part of Europe[.] It is inevitable thus that we should discontinue the old mistakes [viz. practices] and adopt ways which are more suitable for our social conditions."⁵⁶ A final report was intended to follow the completion of the Commission's investigations.⁵⁷ Before this report was formally submitted, powerful domestic groups whose interests were threatened by the European administration preempted it through a series of initiatives in early 1879 which involved the articulation of a counter-plan that expressed their own economic and political interests and ambitions. In parallel lines to this counter-plan, the same groups made independent calls for the establishment of a national bank as a means for national salvation.

⁵² Thobie, pp. 409-410.

⁵³ *Fihrist al-Awāmir al-'Āliyah 1876-1880*, pp. 47-51.

⁵⁴ Rivers Wilson, pp. 141-142. See also Cromer, vol. 1, pp. 25-26.

⁵⁵ Sarhank, p. 359 n.

⁵⁶ *Ibid.*, p. 360 n; al-Rāfi'i, *ʿAṣr Ismā'il*, vol. 2, p. 70.

⁵⁷ Sarhank, p. 359.

(C) The Evolution of Modern Banking Activities in Egypt, 1856-1880.

The encounter with modern banking in Egypt started in the mid 1850s. Between this date and the late 1870s, various developments occurred in the customer domain, fields of activities and banking agents. To various degrees, these developments conditioned the calls for a national bank at that time.

1. Overseas Banking in Egypt

The growing integration of Egypt in European commercial and capital markets was enhanced by modern banking activities in Egypt. The first overseas bank to operate in Egypt was the Bank of Egypt (BoE), established in 1856.⁵⁸ This coincided with the first expansion in capital exports from Europe, which initiated a search for markets like Egypt where capital could fetch higher interest rates than at home.⁵⁹ It also coincided with the Treaty of Paris (1856) which admitted Turkey to the Concert of Europe on the basis of promised administrative reforms, and implied the need for "strong banking agencies at Constantinople, and possibly in other subordinate parts of the Empire."⁶⁰ The establishment of BoE marked the first encounter in Egypt with two formal aspects of modern banking, namely the joint-stock structure and, as an overseas bank, the European domicile of ownership and control.⁶¹ BoE, however, was not a total breakthrough, since its major activities were of a short-term nature and involved relatively small amounts of advances.

Egypt's first encounter with an overseas bank that combined the joint-stock form with the wholesale and long-term operations of a finance company started in 1864

⁵⁸ Bank of Egypt was established by a Royal Charter granted in Britain. Its capital (£250,000) was fully subscribed in London, and its headquarters and board of directors were based there. The bank had a main office in Alexandria and branches in Cairo and Suez, and was authorized to open other branches in other parts of Egypt. Information on the bank, including highlights from its charter, are given in Baster, *International Banks*, pp. 61-62, 64. See also idem, "Origins," p. 78; al-Jirītī, pp. 220-221; Owen, *Cotton*, p. 83. al-Jirītī's paragraph on the background to foundation starts with "Senior tells us that..." but it is not clear where does Senior's account end.

⁵⁹ al-Jirītī, p. 234.

⁶⁰ Baster, "Origins," p. 77.

⁶¹ Crouchley, *Investment*, pp. 117-118. From the information in this source, it seems that the Bank of Egypt, which preceded the Suez Canal Company, also marked the beginning of the joint-stock tradition in Egyptian corporate history. This bank should not be confused with Banque d'Égypte, which "had figured amongst the numerous business interests of the Viceroy" and existed a few years before Bank of Egypt. Baster, *International Banks*, p. 65.

with the establishment of the Anglo-Egyptian Bank (AEB), whose major activity was the then buoyant field of long-term public loans. Again, the opening of this bank was the outcome of global and domestic influences.

[W]hen the development of cotton-growing during the American Civil War, the undertaking of the Suez Canal, and the growing extravagance of Said [sic.] Pasha, combined to make banking in Egypt an attractive venture[.] The Anglo-Egyptian Bank ... and several similar institutions were projected in 1864, during the period of the so-called 'banking mania' [in England] before the Overend Gurney crash.⁶²

AEB started operations two years after Egypt made its first public loan and right in the middle of the cotton boom. The difference in the nature of business solicited by BoE--a retail bank--and the AEB--a finance company--was partly a product of the difference in the timing of their foundation. Their different businesses also explained their differences in terms of size and branch network. AEB was registered with an authorized capital of £2,000,000, eight times as big as BoE's on the latter's foundation. On the other hand, although AEB was much larger in terms of capital, it had no need for an extended network of branches so long as it continued to focus on the state as a major borrower.

2. Expansion in Customer Domain

Between the mid 1850s and the late 1870s, banks moved from dealing with the state as the largest single customer to dealing with the public at large.⁶³ This was manifested clearly in the way three of the main overseas and international banks--BoE, AEB, and Banque Impériale Ottomane (BIO)--adjusted their operations to changing circumstances in the 1860s and the 1870s. Initially, in the mid 1850s, the major functions of banks in Turkey and the Ottoman Empire were:

⁶² Baster, "Origins," p. 80. The "banking mania" refers to feverish activity in founding new companies in 1863 and 1864. David Landes explains that the value of new securities issued in the first four months of 1864 was larger than that of the entire 1863, itself described as an exceptional year. Landes, *Bankers and Pashas*, p. 199.

⁶³ This is generally consistent with the periodization offered by Ducruet, who breaks down the history of modern banking in Egypt into three periods, the first dominated by sovereign finance (1860-1880), the second by mortgage banking (1880-1914), and the third by cotton financing (1914-1957). Jean Ducruet, *Les capitaux européens au Proche-Orient* (Paris, 1964), pp. 390-392.

[1] to dispose of Turkish securities on the European markets, either by subscribing for large blocks itself and reselling to the public later, or by floating the whole loan in London or Paris for a commission [2] short-period loans to the ruling personages of the Empire, on the understanding that such loans would be repaid out of the proceeds of long-term public issues later [3] service of the public debt [4] short-term advances to the Government.⁶⁴

At the beginning, BoE performed some of these functions. Its lending activities at that time were largely a replica of those of private bankers in Egypt, namely short-term facilities advanced to members of the royal family in their personal capacity or to the state.⁶⁵ Following some rough experience with a loan advanced to a member of the royal family which absorbed some 65% of its paid-up capital,⁶⁶ the bank switched to retail activities, particularly business originating from the then booming cotton trade.⁶⁷ In contrast, AEB was founded eight years later at a time when long-term sovereign borrowing was growing and the services of a finance company of the *Crédit Mobilier* type were required. As a finance company, AEB's earnings came mainly from discounting treasury bills and participating in long-term syndicated loans.⁶⁸ Soon after its formation, it was underwriter in 1865 for a loan to al-Dā'irah al-Sanīyah of £1 million, later raised to some £3.4 million.⁶⁹ The eclipse of sovereign lending in Egypt by the mid 1870s imposed on AEB the necessity of searching for alternative opportunities, which it ultimately secured by gradual switches into cotton financing with its requisite reaching out through branches to cotton-growing and ginning centers.⁷⁰ The process of structural

⁶⁴ Baster, "Origins," p. 77.

⁶⁵ On royal financing as a typical business for banks in Egypt at that time, see *ibid.*, p. 79 and Albert Forte, *Les banques en Egypte* (Paris, 1938), pp. 98-99.

⁶⁶ This was the loan to Ilhāmī Pāshā, which involved other bankers as well. For details, see Landes, *Bankers and Pashas*, pp. 67-68; Baster, *International Bank*, pp. 66-67; 'Alī 'Abd al-Rasūl, *al-Bunūk al-Tijārīyah fī Miṣr* (Cairo, 1961), p. 12.

⁶⁷ Baster, *International Bank*, pp. 66-67; al-Jiritlī, p. 221; Landes, *Bankers and Pashas*, p. 138.

⁶⁸ Baster, "Origins," pp. 80-81; al-Jiritlī, pp. 222-223.

⁶⁹ al-Jiritlī, p. 222; Saul, p. 384. al-Jiritlī gives specific examples for other dealings with the government by way of direct lending, acceptances, and syndication of government issues.

⁷⁰ al-Jiritlī, p. 224. The intricacies of cotton financing are outlined in Saul, pp. 388-389. For an earlier account, see the article by R.A. Harrari, "Banking and Financial Business in Egypt," *L'Egypte Contemporaine* 27 (1936): 135-136, 148. See also Robert L. Tignor, "The Introduction of Modern Banking into Egypt, 1855-1920," *Asian and African Studies* 15 (1981): 105, 106.

adjustment that this reorientation entailed was still continuing throughout the mid 1880s. In 1885, AEB's annual report confirmed that the bank was "gradually but surely emancipating itself from ... being dependent on the doings of the Egyptian Government. We are laying the foundations of a bona-fide commercial business."⁷¹ By 1890, the Anglo-Egyptian managed to secure a "niche" in cotton financing as a major lender for export houses.⁷² "From a mid-nineteenth-century 'finance company', it metamorphosed into a commercial bank."⁷³

The eventual switch by these two overseas banks to regular commercial banking business signaled the direction which international banks took. Like AEB, Banque Impériale Ottomane (BIO) started its operations in Egypt around the mid 1860s and negotiated a large part of Ismā'il's loans.⁷⁴ In the mid 1870s, BIO adjusted to the deterioration in sovereign credit risk by switching to commercial banking business.⁷⁵ This path could be contrasted to the track record of later comers like Crédit Lyonnais, which opened its first branch in Egypt in the mid 1870s only.⁷⁶ Consequently, Crédit Lyonnais was spared the pressures of adjustment and started its operations in Egypt as a commercial bank from the outset by opening branches in Egypt's major cities and focusing on trade financing. An advertisement which appeared regularly in the Egyptian daily *al-Tijārah* in 1879 shows that the bank operated a desk in Mīnā al-Baṣāl stock-exchange for cotton trade and that its branch in Alexandria offered a full range of commercial banking services, which included lending against financial papers, treasury bonds, or commodities; discounting bills and other commercial papers; executing payments, collections, and transfers in Egypt and abroad; negotiating letters of credit; and accepting term-deposits

⁷¹ Baster, "Origins," p. 81 n. 3.

⁷² Saul, p. 394.

⁷³ Ibid., p. 394. See also al-Jirītī, pp. 222-223.

⁷⁴ On the foundation and nature of operations of the Banque Impériale Ottomane, see Born, pp. 120-121; Thobie, p. 407; Baster, "Origins," pp. 82-86. Different sources give different accounts for the year when this bank opened its first branch in Egypt. al-Jirītī says that this was in 1864, one year after its foundation in Constantinople. This date is three years earlier than the one given by both Tignor and Baster, who say that BIO's first branch in Egypt opened in 1867. Under either accounts, the bank would still be among the first foreign banks to open branches in Egypt. al-Jirītī, p. 227; Baster, *International Banks*, pp. 70-71; Tignor, "Modern Banking", p. 108.

⁷⁵ al-Jirītī, p. 227; Baster, *International Banks*, pp. 70-71.

⁷⁶ For general information on the Crédit Lyonnais, see al-Jirītī, p. 227; 'Abd al-Rasūl, p. 14; Baster, *International Banks*, p. 71.

(Appendix II).⁷⁷ Furthermore, the bank succeeded in attracting domestic deposits, including those of official bodies like the Caisse de la Dette and the Customs Authorities.⁷⁸

Gradually, therefore, banks started to cater for the general public rather than the state. This expansion in the banks' customer-domain must have expanded the number of people and groups who came in direct contact with joint-stock banks as institutions capable of mobilizing and advancing relatively large amounts of capital. Furthermore, it later influenced the formulation of national banking calls in the late 1870s, a component of which--as we shall see in later chapters--was an attempt to claim a share in the market targeted by banks on commercial basis, while another component addressed the imminent issue of liquidating Egypt's foreign public debt as a means of preempting the rationale behind European control.

3. The Rise of Mortgage Banking in Egypt⁷⁹

Perhaps the most crucial variation in the expansion of banks' towards dealing with the general public was the rise of lending against the mortgage of land towards the end of the 1870s. By that time, the institutional infrastructure necessary for using land as an item of security was completed through the consolidation of private property rights over land⁸⁰ and the creation of the Mixed Courts with civil and commercial jurisdiction over cases involving foreigners.⁸¹ Prior to the

⁷⁷ *al-Tijarah*, 15/5/1879. This advertisement appeared in the first issue of the volume I managed to use in the periodicals section of Dār al-Kutub al-Miṣriyah. The same advertisement appeared, ad verbatim, in at least issues numbers 2, 4, 10, 13, 14, 15, 16, 21, 22, 23, 24. This may not be an exclusive list, since some issues were missing and others were illegible.

⁷⁸ al-Jirītī, p. 227; Baster, *International Banks*, p. 71.

⁷⁹ On the factors causing the rise of mortgage banking from the late 1870s, see Gabriel Baer, *A History of Landownership in Modern Egypt 1800-1950* (London, 1962), pp. 101-102; Tal'at Ḥarb, *Ilāj Miṣr al-Iqtisādī aw Maṣhrūf Bank al-Ummah* (Cairo, 1911), p. 20; al-Jirītī, pp. 205-206, 236; Tignor, "Modern Banking," pp. 108-109; 'Abd al-Rasūl, pp. 16-17. The treatment of Baer is cited in Owen, *Cotton*, p. 241 and in 'Alī Barakāt, *Tatawwūr al-Milkiyah al-Zirā'iyah al-Kabīrah fī Miṣr, 1813-1914, wa-Atharuh 'alā al-Ḥarakah al-Siyāsīyah* (Cairo, 1977), p. 130. Baer's treatment forms the entire basis of Barakāt's analysis.

⁸⁰ Discussed in Chapter II.

⁸¹ On the background and the functioning of the Mixed Courts, see Charles Sumner Maine, "The International Tribunals of Egypt," *Fortnightly Review* 44 (1885); Harold Perry, "France and Judicial Reform in Egypt," *National Review* 1 (1883); Aḥmad Shafīq, *Mudhakkirātī fī Niṣf Qarn* (Cairo, 1934), vol. 1, p. 77. On the significance of these courts, see Alexander Schölch, "The Formation of a

establishment of these courts, disputes between borrowers and lenders over property were heard by judges who dismissed interest-bearing loans on the grounds of Quranic prohibition of interest as usury.⁸² The Mixed Courts enhanced mortgage lending in two ways. First, by recognizing interest-bearing loans and, hence, making it possible for lenders to obtain judgment for both interest and principal. Second, by modifying mortgage practices in a way which made it more attractive to borrowers. Mortgage was recognized earlier,⁸³ but it was unpopular among borrowers because it involved the transfer of property to the mortgagee as long as the debt remained outstanding, and hence stripped borrowers of their land once the debt was contracted.⁸⁴ Conversely, the civil law adopted by the Mixed Courts allowed debtors to retain the land for the term of the debt, during which period creditors were considered the nominal owners of the land and debtors the nominal tenants of it. Creditors, naturally, were entitled to acquire that land should debtors fail to repay.⁸⁵

The establishment of the Mixed Courts gave way to the emergence of mortgage lending as a major banking activity, which entailed dealing with landholders of various sizes. In this respect, Crédit Foncier Egyptien (CFE), established in 1880 as an Egyptian joint-stock company with an authorized capital of FF 40 million (of which 25% was payable on foundation),⁸⁶ became a landmark in the history of banking in Egypt. First, it was among the earliest successful attempts to capitalize on the market opportunity for mortgage banking that existed in Egypt at that time. The existence of such opportunity was manifested in the presence of several contenders for establishing a mortgage bank at that time. In January 1879, the

Peripheral State: Egypt," in *Groupe de Recherches et d'Etudes sur le Proche-Orient, L'Egypte au xix^e siècle* (Paris, 1982), p. 179.

⁸² Forte, p. 90.

⁸³ As was the case when the government intervened with a rescue package in 1865 during the village debt crisis of that year. The government took over the debts on the condition that it got mortgage over the lands of the borrower. "Şūrat Lā'ihat Duyūn al-Ahālī al-Wāridah li-Mudīriyat al-Jizah bi-Sharḥ min Taftīsh Iqlīm Qiblī, Raqam 3 Rajab Sanat [12]82 [November 1865]," in *Jallād*, vol. 2, pp. 128-131.

⁸⁴ Barakāt, p. 319.

⁸⁵ *Ibid.*, pp. 319-320.

⁸⁶ For the full text of the decree authorizing the foundation of Crédit Foncier and the bank's Articles of Incorporation, see "Nizāmnamat al-Bank al-'Aqārī al-Miṣrī," in *Fihrist al-Awāmīr al-'Āliyah 1876-1880*, pp. 171-189. For other general information on the establishment of Crédit Foncier, see *Iḥṣā' al-Sharikāt*, 1941, pp. 25-26 and 1949-1950, pp. 38-41; Gabriel Guémard, *Le régime hypothécaire égyptien* (Aix, 1914), p. 63; 'Abd al-Rasūl, pp. 16-17.

British Consul General, Vivian, reported that Rivers Wilson--then Minister of Finance of Egypt--had approached English capitalists with a proposal "for the formation of a 'Crédit Foncier' in Egypt, for the advance of money at reasonable rates of interest to the taxpayers during the intervals between the harvest seasons."⁸⁷ The approached parties, Vivian added, received the idea favorably and moved towards establishing such a bank.⁸⁸ A year later, CFE was established by the participation of French capital and the total exclusion of British capitalists. Vivian's reports must have been made in connection with a competing institution, the Land and Mortgage Company of Egypt, which was established in 1880 as an English company with British capital, but survived only as a minor mortgage bank in comparison to CFE.⁸⁹

Second, the rapid growth of CFE's loan portfolio and capital funds provided strong evidence for market trends at that time (Appendix III.1). There are several indicators of that growth. A year after foundation, the bank's capital funds and debentures were FF83 million, slightly over eight times the size of its paid-up capital.⁹⁰ In the three decades between inception and 1910, its authorized capital grew five folds.⁹¹ During roughly the same period, the bank's loan portfolio increased to eighteen times its initial level (from LE 1.5 million to 27 million)⁹² and the area of agricultural land which was mortgaged in its name was equal to 1.2 million *faddāns*,⁹³ roughly one-third of the area that could be mortgaged in Egypt.⁹⁴ In terms of ownership categories, a rough calculation would show that CFE's clientele encompassed owners of property ranging from a few *faddāns* to property as large as several thousands (Appendices III.2 and III.3).⁹⁵ Thus, when Tal'at Ḥarb

⁸⁷ Vivian to Salisbury, 24/1/1879, *Parliamentary Papers, 1878-1879, Egypt 2* (1879), vol. 78, pp. 38-39.

⁸⁸ *Ibid.*, pp. 38-39.

⁸⁹ The Land and Mortgage Company was promoted by the Anglo-Egyptian Bank. Saul, p. 386. For basic information on this company, see Guémard, p. 73 and Ḥarb, p. 22.

⁹⁰ Thobie, p. 428.

⁹¹ Ḥarb, pp. 21-22.

⁹² al-Jirītī, p. 231. More figures on the later periods are given in *Iḥṣā' al-Sharikāt*, 1941, pp. 25-26, and 1949-1950, pp. 38-41.

⁹³ Ḥarb, pp. 162-163.

⁹⁴ Tignor, "Modern Banking," p. 109.

⁹⁵ See comments attached to Appendices III.2 and III.3. This is notwithstanding the suggestion that "[t]he clients of the mortgage companies were almost exclusively the bigger landowners." Owen, *Cotton*, pp. 271-272. See also al-Jirītī, p. 231; Barakāt, p. 130; 'Abd al-Rasūl, p. 17.

published his seminal work *'Ilāj Miṣr al-Iqtisādī* in 1911, he described CFE as the most important bank that had ever existed in Egypt.⁹⁶ The bank's growth was also an indication of the relative strength of the mortgage market in general. In comparison to other types of banking, the total capital funds of mortgage banks--of which CFE was admittedly the largest--were double those of commercial banks in 1883, shortly after CFE's foundation. This ratio grew to 5:1 then to 12:1 in 1902 and 1914 respectively. Measured as a proportion of the capital funds of all joint-stock companies, those of mortgage banks grew from 20% in 1883, to 25% in 1902, then 47% in 1914 (Appendix III.1).⁹⁷ Mortgage lending, thus, took the largest part of the activity of large capital in Egypt between 1880 and 1914.

Third, CFE marked the transition from one type of overseas institutions to another in terms of the relations between capital and control. According to Ṭal'at Ḥarb, CFE was promoted by "some of the major financiers living in Egypt[,] who made their fortunes from her and built their experience from dealing with her people."⁹⁸ This statement must be referring to the three local partners (Suarès, Rollo, and Cattai) who founded CFE with three major French banks (Crédit Lyonnais, Société Générale, Comptoir National d'Escompte).⁹⁹ The establishment of CFE signaled an enhanced role for a group of local financiers, who started to solicit capital from Europe to found companies operating and controlled in Egypt. In so doing, the connection between capital and control was changing from the earlier pattern, where both were domiciled abroad. This had been the case with both BoE and AEB. BoE was the first joint-stock bank to operate in Egypt, but it was not an Egyptian company itself.¹⁰⁰ It was founded, controlled and funded entirely in England, and its foundation was supported by a group of influential London capitalists, including directors of the Oriental Banking Corporation, then the strongest English banking

⁹⁶ Ḥarb, p. 20. More figures on the bank's operations as at 1914 are given in Guémard, pp. 63-69.

⁹⁷ al-Jirītī, p. 230.

⁹⁸ Ḥarb, p. 20 n. 1.

⁹⁹ Ibid., p. 20 n.1; 'Abd al-Rasūl, pp. 16-17.

¹⁰⁰ The description by some writers--like Forte--of the Bank of Egypt as the first Egyptian bank needs to be qualified. Bank of Egypt was not an Egyptian company. The first joint-stock commercial bank incorporated as an Egyptian company (i.e. Société Anonyme Egyptienne or S.A.E) was Casa di Sconto et di Risparmio, founded in Alexandria in 1887 with a capital of FF 200,000. Casa di Sconto marked the arrival of Italian capital and was the first commercial bank to publish separate financial accounts on its operations in Egypt. See Forte, p. 90 cf. Thobie, p. 428.

corporation in the Far East.¹⁰¹ AEB was similarly established and controlled abroad.¹⁰² Using the terms of Samir Saul, the establishment of CFE was thus a movement from the "articulated company," where both capital and control rested abroad, to the "extra-muros company," which combined foreign capital with local direction "because on-the-spot management proved requisite in an unfamiliar and volatile economy."¹⁰³ Although CFE may not have been the earliest case of an extra-muros company, it was "its most successful exemplar."¹⁰⁴ Official registers of joint-stock companies show that at least one of the original local promoters, the family of Cattai, continued to hold a seat on the board of directors until the mid twentieth-century.¹⁰⁵

4. The Role of Old Established Private Bankers

The emergence of the extra-muros company may be seen as a culmination of an evolution of domestic mercantile capital towards financing. When BoE started, financing services were performed by outfits who mostly had their headquarters in Alexandria and operated under the designation "bank." These outfits are often mentioned in the literature as Alexandria banking houses and their owners as private bankers.¹⁰⁶ Even though the accuracy of describing them as bankers is sometimes doubted,¹⁰⁷ it is generally accepted that this was a prime entrepreneurial

¹⁰¹ See note 58.

¹⁰² In spite of the participation of Pastré and Sinadino, the main movers of the bank were Agra and Mastermans Bank, "a powerful Anglo-Indian concern" and the General Credit and Finance Company of Laing, Devaux, et al, "one of the best known *crédits mobiliers* [sic.] of the time." Baster, "Origins," p. 80. See also Saul, pp. 384, 394; Landes, *Bankers and Pashas*, p. 205.

¹⁰³ Saul, pp. 394-395.

¹⁰⁴ Ibid., pp. 383-384.

¹⁰⁵ *Iḥṣā' al-Sharikāt*, 1941, pp. 25-26, and 1949-1950, pp. 38-41.

¹⁰⁶ See, for example, the discussion by Roger Owen, David Landes, al-Jirītī, and Crouchley, different citations from which are covered in notes 107-108 and 116-118 below.

¹⁰⁷ While Crouchley, for example, refers to the Alexandria bankers as "veritable merchant bankers," Tignor suggests that they were "Egyptian-based moneylenders who had prospered as extenders of credit and who were emboldened to establish local banks." See Crouchley, *Investment*, p. 8 cf. Tignor, "Modern Banking," p. 106. In a comment on an earlier draft of this dissertation, Professor Tignor noted the need to define what I meant by the term "banker" in order to justify whether it can be applied to this group. There may be some room for researching the validity of using this designation from various aspects. For example, one could address the question whether the range of services that this group offered was similar to those offered by private bankers in Europe at a similar stage of development (as al-Jirītī could imply) or whether they were true contenders for developing a banking nucleus in Egypt (see quotation from Landes, note 119). While researching questions like these might lead to the conclusion that this

group in Egypt who had an undisputed record in promoting major business concerns, including joint-stock banks, in the 1880s onwards. In this spirit, the designation "Alexandria private bankers" is accepted for the purpose of this study, and is used here and in later chapters to refer to those outfits and the individuals or families that owned them.

As a group, the Alexandria private bankers came from individuals or families of merchants and/or financiers of various origins: Greeks, Jews, Europeans, and Syrians.¹⁰⁸ Generally speaking, a distinction can be made within this group between those who had started to settle in Egypt at the time of Muḥammad 'Alī or earlier and those who started to arrive later in the 1850s or afterwards.¹⁰⁹ The old group of private bankers was predominantly Jewish (like Suarès, Menasce [Menashsha], Cattai [Qaṭṭāwī])¹¹⁰ or Greek (like Sinadino, Zervudachi, and Salvago). This group included at least one European banking house, that of Pastré. The later group was predominantly European and included bankers like Dervieu and Oppenheim.¹¹¹ At the beginning, it was the European private bankers who dominated the scene in the 1860s and up to the mid 1870s. Archival evidence used in some studies¹¹² suggest that they provided the full range of services envisaged for overseas banks in sovereign and trade financing as specified above,¹¹³ if at a presumably much smaller size. They were also shareholders in large companies founded during the early part of Ismā'īl's reign, sometimes with the participation of key figures in the Egyptian administration, like Nūbār Pāshā, Sharīf Pāshā, and

group should be described in other terms, I am here tentatively using this term on the premises explained in the text above.

¹⁰⁸ Crouchley refers to private banks as firms founded exclusively by Jews. For various accounts on the origins of these families, see Crouchley, *Investment*, p. 8 cf. al-Jirītī, pp. 216-219, and Owen, *Cotton*, pp. 276-278, 321-322.

¹⁰⁹ An account of the impact of Muḥammad 'Alī's policies on the growth of the foreign colony in Alexandria is given in Michael J. Reimer, "Colonial Bridgehead: Social and Spatial Change in Alexandria, 1850-1882," *International Journal of Middle East Studies* 20 (1988).

¹¹⁰ The names are written in the way they were commercially known. This is the style used in this study. The proper transliteration of these names, however, are shown in square brackets.

¹¹¹ For other European private bankers, see Thobie, p. 408.

¹¹² al-Jirītī, pp. 209-214. This study contains an overview of the range of services offered by private bankers, mostly based on documentary evidence from the archives directly or from citations in Amīn Sāmī. The extracts include one or more of the following elements: amounts, purpose, duration, repayment, modus operandi (bills, coupons, etc.), contracting parties, and interest rate.

¹¹³ See the quotations from Baster, "Origins" to which footnote 64 refers.

Ismā'il Rāghib Pāshā.¹¹⁴ In some of these companies, part of the stock was floated in European capital markets. During the same time, they also acted as intermediaries in the purchase of companies for the government's own account, as in the case of Dervieu's pushes of the postal company in 1864.¹¹⁵

Notwithstanding this record of early activity, "financiers like Dervieu and Oppenheim were more anxious to make a quick profit than to ensure a steady build-up of business."¹¹⁶ Consequently, it was the older private bankers who eventually emerged as the leading entrepreneurial group in the late 1870s onwards.¹¹⁷ A significant number of that old group had made their initial accumulation through trading activities as grain merchants, exporters of cotton and sugar, shipping agents, and sometimes as agents of foreign bankers like Rothschild, before they eventually branched into money lending and other financial services.¹¹⁸ As noted by David

¹¹⁴ See the various and partly contradicting accounts on al-Sharikah al-Miṣriyah lil-Milāḥah al-Bukhāriyah (The Egyptian Steam Navigation Company), also known as al-'Azīziyah Company, in al-Rāfi'i, *'Aṣr Ismā'il*, vol. 1, pp. 188-189; al-Ḥittah, pp. 225, 236-237, 256; Owen, *Cotton*, p. 114; Landes, *Bankers and Pashas*, pp. 107, 149-150; al-Jirītī, p. 214. See also the account on al-Qumbāniyah al-Miṣriyah fī Siyāḥat al-Sufun al-Tijāriyah (The Egyptian Company for Commercial Vessels Navigation) in al-Jirītī, p. 214. There are some similarities between the latter company and al-'Azīziyah. The names of the concessionaires are the same, as well as the purposes and some of the privileges. The main difference is in the names of the supposedly two companies. One should note here that al-Jirītī takes the data on each company from different original sources. It may well be that we are looking into the same company again, but with some error either in writing the names in the original source or in reading them from it (ex. the Arabic word al-Bukhāriyah may have been substituted by al-Tijāriyah).

¹¹⁵ This is taken directly from the archives. Dervieu acted as interim owner of the postal company for one month, then passed it over to the government for Pts.4,606,875. This price included a 5% commission calculated after adding sundry charges of Pts.730,000 to the original purchase cost of Pts.3,657,500. See Malaf al-Barīd, Maḥfāẓah 123, Maḥāfiẓ al-Abḥāth, Dār al-Wathā'iq al-Qawmiyah, Egypt. For similar deals which involved mainly the names of Dervieu, Oppenheim, and Pastré, see al-Jirītī, pp. 213-214.

¹¹⁶ Owen, *Cotton*, p. 117. See also al-Jirītī, pp. 206-208.

¹¹⁷ al-Jirītī also shows that the non-European, old group of bankers, particularly Cattaui, picked a greater share of state finance eventually, as verified in orders issued by Ismā'il. al-Jirītī, p. 216.

¹¹⁸ Michaeli Tossiga was among a group that monopolized grain trade, and his name appeared as a partner in an aborted banking enterprise which was sponsored, apparently, by Muḥammad 'Alī in 1842. Sinadino arrived from Asia Minor in 1830, made a large fortune from trading, eventually became agent of Rothschild in Egypt and founded a bank with Salvago and Zervudachi. The Pastré family owned a leading merchant house in the export of Egyptian cotton and sugar, later extended their business to London, Tunis, West Africa, the Red Sea, and the Indian Ocean, then branched into shipping and subsequently into banking. The founder of the Ṣa'b family came to the city of Maṣṣarah around

Landes, this expansion from trade to finance was consistent with the historical pattern observed in Europe.

Here, as in England itself, things began quietly and the finance company came late. The early response to the growing demand for credit facilities was an increase in the number of private banking houses. As in western Europe before, numbers of merchants - Greeks, Jews, Syrians, and Europeans - found that trade was the gateway to finance.¹¹⁹

Among other business activities, Alexandria private bankers were important agents for promoting modern banking in Egypt.¹²⁰ This seems to have happened in stages. Initially, there was an attitude of resistance against the encroachment of overseas and international banks on the market which private bankers had dominated. When BoE was first established in the mid 1850s, private bankers "protested energetically to the French Consul."¹²¹ Eventually, however, an adjustment occurred. One of the oldest private banking firms in Egypt, Zervudachi, became strongly affiliated with BoE to the extent that the failure of one of them in 1911 triggered the failure of the other.¹²² In the mid 1860s, Pastré and Sinadino merged into AEB on its establishment. Shortly afterwards, a syndicate of Greek financiers led by Salvago

1870, worked first in trade, then in reclaiming and selling land, and started his first banking activity by advancing loans collateralized by cotton stored in his own warehouses. On these and other examples, see al-Jirītī, mainly pp. 216-219. On Muḥammad 'Alī's bank with Tossiga, see *ibid.*, pp. 200-202. On Pastré, see also Saul, p. 384. On the case of the Menasce family, see Owen, *Cotton*, p. 322.

¹¹⁹ Landes, *Bankers and Pashas*, p. 61. See also Baster, "Origins," p. 77. It may also be noted here that merchants in general used some of the credit techniques practiced by banking institutions before the appearance of modern banks in Egypt. For example, merchants discounted papers held by government employees and peasants in lieu of dues from the government at rates of 15% to 20% of their face values for the former, and by up to 45% for the latter. See al-Hittah, pp. 266-267, 331-332. There are also some accounts that textiles merchants in some Delta cities financed household spinning in the eighteenth-century by the free delivery of cotton and silk fibres against future delivery of spun yarn. See on this point Maḥmūd Mutawallī, *al-Uṣūl al-Tārikhiyah lil-Rā'smāliyah al-Miṣriyah wa-Taṭawwuruhā* (Cairo, 1974), p. 24.

¹²⁰ This suggestion is accepted by various scholars. Hence, while Tignor and Crouchley have different views with respect to designating that group with the terms "banks" or "bankers" (see note 107), they agree on their role in promoting modern banking in Egypt. Tignor considers them among the "major economic actors" that had contributed to that promotion, while Crouchley describes them as a group who had a "potent influence" in creating the connection with modern banks. Similarly, Owen argues that the old established banking houses were one of two important groups responsible for the promotion of major enterprises, particularly after 1880. See Tignor, "Modern Banking," p. 106; Crouchley, *Investment*, p. 8; Owen, *Cotton*, pp. 113, 321-322.

¹²¹ Baster, "Origins," p. 79.

¹²² Thobie, p. 610 n. 50; Owen, *Cotton*, p. 286.

and Zervudachi founded a less well known joint-stock bank, the Alexandria Commercial Bank, which ultimately merged with the Anglo-Egyptian in 1884.¹²³ Later on, partly through the promotion efforts and/or participation of bankers like Suarès and Cattai, major joint-stock banks were developed, like the Crédit Foncier Egyptien (1880), the National Bank of Egypt (1898),¹²⁴ and the Land Bank (1905).¹²⁵ It is worth noting here that some of the establishments owned by the most prominent of the old Alexandria bankers, like Cattai Fils Cie,¹²⁶ existed well into the mid twentieth-century, and that some of them--like Suarès and Mosseri--adjusted further in the twentieth-century by converting themselves into joint-stock banks.¹²⁷

The advantage which domestic bankers, like Suarès and Cattai, seem to have possessed was their ability to mobilize contacts on multiple fronts: European banking capital, high figures in the administration, and perhaps even broader classes of domestic capital owners. Their contact list by the end of the 1870s appears to have included banks like Crédit Lyonnais and Société Générale, whose participation in CFE they managed to secure. It is important here to note the different dimensions of the transition to the extra-muros model. Not only was European capital switching to "on-the-spot management" as noted earlier, but the old-established private bankers themselves seem to have increasingly become solicitors of capital, rather than direct providers of it. The remark by Landes, cited earlier, of trade as a gateway to finance may be further supplemented by adding that local finance was in itself a gateway to a more global orientation. This seems to have been an inevitable evolution by private bankers for the purposes of self-preservation and furthering of interests in a way consistent with the changing realities within an increasingly penetrated market.

In spite of the various developments outlined above, the gradual appearance of modern banking in Egypt did not result in the total disappearance of earlier practices and institutions. There are some manifestations of the existence of several tiers of

¹²³ al-Jiritli, p. 226.

¹²⁴ Owen, *Cotton*, pp. 276-278, 289.

¹²⁵ Similar to CFE, this bank was also promoted by a group which included old-established private bankers like Zervudachi, Salvago and Aghion, who managed to solicit the participation of European banks. al-Jiritli, p. 232; Owen, *Cotton*, p. 289.

¹²⁶ al-Jiritli, p. 219.

¹²⁷ Forte, pp. 196-197.

institutions catering for various borrowers--in other words, of an increasing duality. The most evident of these was the continuation of the activities of money-lenders in the countryside even after the establishment of mortgage banks and companies, as evidenced by the following excerpt from an account in 1896.

The first object which strikes the eye and arrests the attention of the Egyptian tourist as he approaches the town of Luxor, is not a ruin or an obelisk, but the house of the local moneylender. This highly colored and castellated structure stands out on the bank of the Nile in unblushing crudeness, and its stucco splendors are alluded to by the peasants and donkey-boys with feelings of awe if not of admiration. The fact that the most visible thing in this thriving little town should be the usurer's palace ... is a picturesque reminder that the Eastern question is the question of the moneylender.¹²⁸

As we shall see later, some of the calls for an Egyptian national bank in the late 1870s were aiming at capturing the market of the village money-lenders, or usurers, through the establishment of an agricultural credit bank. As it happened, however, the two institutional forms of countryside lending--viz. small scale local money-lenders and larger mortgage companies--continued to exist side by side well into the twentieth-century, even though the loan portfolio of the latter spanned a wide range of landowners, as was the case with CFE.

¹²⁸ "Moneylending in the East," *Littell's Living Age* 208 (1896): 765-767. There are various discussions of local money-lenders, or usurers as they are frequently described in the literature, their operations, initial accumulation, funding (partly through borrowing through banks and relending at higher rates), etc. On the typical development of usurers--particularly Greeks--from grocer to money-lender, see Crouchley, *Economic Development*, p. 131; Wilfred Scawen Blunt, *My Diaries* (London, 1932), pp. 34-36; Wallace, pp. 284-289; Barakāt, pp. 315-316; al-Jiritli, p. 229-230; Owen, *Cotton*, pp. 105-106, 130-131; Ra'uf 'Abbās Ḥāmid, *al-Mu'araḍah al-Waṭāniyah wa-Irhāṣāt al-Thawrah*, in Markaz al-Dirāsāt al-Siyāsiyah wa-al-Strāṭijiyah, *Miṣr lil-Miṣriyin: Mā'it 'Ām 'alā al-Thawrah al-'Urābiyah* (Cairo, 1981), pp. 45-46. Wallace gives a detailed narration of how the money-lender, "a Monsieur Dhimitri or a Monsieur Ghiorgi," moves in the shadow of and in collaboration with the tax-collector. See D. Mackenzie Wallace, *Egypt and the Egyptian Question* (London, 1883), pp. 284, 469-470. Note, however, Owen's allusion that the countryside was proliferated in March 1862 by Muslim and European money-lenders. Owen, *Cotton*, p. 95.

(D) Conclusion

The rise in industrial productivity in Europe and the subsequent accumulation of profits created pressure for an outward expansion of the European economy which started around the mid of the nineteenth century. This pressure gave rise to various institutional adaptations that serviced the requisites of commercial expansion, capital mobilization and capital export. It was with those institutions--rather than the underlying historical process--that the non-industrialized parts of the world came directly in touch as the European economy expanded outwards and as the other parts of the world were becoming integrated into a global economy. This was the case with Egypt. Commercial integration of Egypt as a cotton exporter contributed to increased borrowing in European capital markets, and the subsequent difficulties in servicing the accumulated debt ultimately led to the subjection of Egyptian political and financial administration to European control from 1876. The policy - changes that were contemplated and implemented by the different bodies of European control triggered a movement of resistance by powerful domestic groups, the traditional elites of Egypt, in early 1879. Although it was launched on a platform of economic nationalism, this movement was influenced by the observed European models. In this respect, the perceived potency of the joint-stock structure and of modern banking institutions are particularly detectable in some expressions of Egyptian economic nationalism during this period. Furthermore, the specific developments in banking practices in Egypt between 1856 and 1879--namely the expansion in the customer domain of banks, the rise of mortgage banking, and the increasing role of domestic private bankers--conditioned the specific details of those expressions of economic nationalism. These two points will be discussed in more detail in later chapters. Before developing this discussion further, it is necessary first to examine the structure and interests of the groups that embraced those ideas, the economic and political causes of their nationalist movement, and other dimensions of this movement which they launched in early 1879.

Chapter Two: The Rise of the Traditional Elites, 1850-1880

(A) The Traditional Elites

The general configuration of power until the late period of Muḥammad 'Alī was centered on the Wālī as absolute ruler and owner of agricultural land. Starting in the late 1830s, this began to change gradually. There were two domestic groups, the *dhawāt* and the *a'yān*, whose economic and political interests were generally served under the existing regime, particularly during the last years of the reign of Ismā'īl (1863-1879).

The *dhawāt* was a term used to refer to senior officials in the central administration and the army.¹ In the 1870s, they included individuals like Sharif Pāshā, Nūbār Pāshā, Rīyāḍ Pāshā, 'Alī Mubārak Pāshā, and Ismā'īl Rāghib Pāshā. The *a'yān* were indigenous Egyptians, distinguished from the general public by their wealth and their closer access to the central authority. In the 1870s, they included landholders, like Muḥammad Sulṭān Pāshā, Ḥamīd Abū Stait, Ḥasan al-Shirī'i and Sulaymān Abāḏah, as well as urban merchants, like Ḥasan Mūsā al-'Aqqād and Ḥasan al-Hajīn.² Because of their relative prosperity, the *a'yān*

could absent themselves temporarily at least from their affairs (agriculture, commerce or religious offices), and could, therefore, undertake certain duties in the socio-political arena without necessarily having to rely upon financial reward. Their economic and professional positions lent them high social prestige, and they were thus considered suitable for the functions of representing and holding the confidence of the population.³

¹ The term *dhawāt* is treated rather ambiguously by most writers. It is expressed most clearly by 'Alī Barakāt, on whose description I am relying. See Barakāt, p. 183 cf. Schölch, *Egypt for the Egyptians*, pp. 29-30 and Baer, *Land Ownership*, pp. 46-47. See also Juan R. I. Cole, *Colonialism and Revolution in the Middle East: Social and Cultural Origins of Egypt's 'Urābī Movement* (New Jersey, 1993), pp. 31-35 on the "Uthuman-Egyptians" as an elite group.

² For various examples, see Tāhir 'Abd al-Ḥakīm, *al-Shakhsīyah al-Waṭāniyah al-Miṣriyah* (Cairo, 1986), p. 142; Laṭīfah Muḥammad Sālim, *al-Qūwā al-Ijtīmā'iyah fī al-Thawrah al-'Urābiyah* (Cairo, 1981), pp. 37, 120-121; F. Robert Hunter, "The Making of a Notable Politician: Muḥammad Sulṭān Pāshā (1825-1884)," *International Journal of Middle East Studies* 15 (1983): 539.

³ Schölch, *Egypt for the Egyptians*, p. 29. An outline of the politics of notables as described by Albert Hourani and an application of this frame of analysis to Muḥammad Sulṭān Pāshā can be found in Hunter cf. Samīr Ṭahā, *Muḥammad*

I will use the expression "traditional elites" when I want to refer to the *dhawāt* and *a'yān* together. Although these were still two different groups in the 1870s, the distinction between them was becoming blurred and there was a general convergence in their basic interests by that time. There were two main factors which promoted common interests between the *dhawāt* and *a'yān*. First, both of them were influential in the political administration of the country. Originally, senior posts in the central administration and the army were predominantly filled by Turco-Circassians, who maintained their distinction through Turkish tradition and language. The ethnic purity of the *dhawāt*, however, was diminishing, due to the gradual penetration of those posts by indigenous Egyptians from the *a'yān* or otherwise. Although Turco-Circassians still occupied many--perhaps most--of the senior posts in the central administration in the 1870s,⁴ the Turkish grip over senior offices had weakened by then.⁵ Part of the tension that would normally accompany such transfer of power from one ethnic group to another must have been facilitated by the gradual assimilation of Turco-Circassians as a result of numerical decline, intermarriages and switching to Arabic as the official language.⁶ By the end of the 1870s, therefore, the ethnic connotation of the term had started to change: the term *dhawāt* could no longer exclusively indicate Turkish stock,⁷ and some of those

Sulṭān bayna al-Waṭāniyah wa-al-Taba'iyah (Dirāsah Wathā'iqiyah) (Cairo, 1979), pp. 91-96.

- ⁴ Writing in the late 1870s, Cromer says that the upper stratum in the Egyptian administration was occupied by Turks. Interestingly, however, McCoan says that the Turks never really controlled the country, even when they monopolized administrative posts. This may be in reference to the influence of provincial administrators on the actual running of affairs. See Cromer, vol. 2, p. 171; cited also in Baer, *Land Ownership*, pp. 46-47; Barakāt, pp. 370-374; Schölch, *Egypt for the Egyptians*, pp. 21-25, 40-42; cf. McCoan, pp. 28-29.
- ⁵ This process seems to have started in the 1850s. A biography of Riyāḍ Pāshā--a non-Turk--states that he entered the ranks of the *dhawāt* when he was assigned to a senior court post under 'Abbās (1848-1854). Aḥmad Zakī, *Kalimah 'alā Riyāḍ Pasha wa-Ṣafḥah min Tārikh Miṣr al-Ḥadīth* (Cairo, 1911), pp. 15-20. The origins of Riyāḍ are controversial. In some accounts, he is described as an individual from pure Egyptian Muslim stock, and in others as a foreigner of Jewish background.
- ⁶ Laṭīfah Sālim refers to the ethnic composition of this group, but not to the process of transformation that was taking place. Abu-Lughod, on the other hand, emphasizes the assimilation of Turco-Circassians in an Egyptian elite society that gradually included indigenous elements. See Sālim, pp. 119-120 cf. Ibrahim Abu-Lughod, "The Transformation of the Egyptian Elite: Prelude to the 'Urābī Revolt," *The Middle East Journal*, 12 (1967): 328-333.
- ⁷ Thus, Schölch introduces the term as a general label for the members of the privileged ruling class, which on the eve of European intervention "was composed of an overwhelming majority of Turco-Circassians, mostly with a

referred to as *dhawāt* in certain contexts originally came from the ranks of the *a'yān*.⁸

It is important to emphasize two points at this juncture. First, perhaps the remaining strict distinction between the *dhawāt* and the *a'yān* by then was that the latter had a base of influence derived from some material wealth which preceded their appointment to official posts and that it was this base which made such appointment possible. Second, in spite of the penetration by Egyptians of senior official posts, it seems that some power-sharing arrangement prevailed until the encroachment of European control in the late 1870s, and that this encroachment checked the further rise of the *a'yān* at least initially. This power-sharing arrangement was manifested in recognizing the *a'yān*'s rise by allowing the formation of a parliament which acted as their representative body, but keeping the uppermost executive powers--viz. ministerial posts--largely in the hands of individuals from the non-Egyptian *dhawāt*, like Sharif, Nübār and Rāghib.⁹ Even when individuals like 'Alī Mubārak and Maḥmūd al-Falakī were appointed as ministers, they came from the ranks of technocrats whose distinction was promoted by education and training, but they lacked the possession of prior local wealth that would qualify them as *a'yān*.¹⁰

Another factor which contributed to the convergence in interests between the *dhawāt* and the *a'yān* was that they were both large landholders whose private economic interests were generally served by the existing regime. Having said so, there were still some general differences between them as landholders. Perhaps the most significant historical difference was the extent to which each group relied on the ruler to form the nucleus of their landholdings. Generally speaking, the nucleus

military background, and a few Egyptian experts and provincial notables [*a'yān*]." See Schölch, *Egypt for the Egyptians*, p. 26.

⁸ Schölch uses a register entitled "Daftar Zimām al-ʿAṭyān al-ʿUshūriyah - al-Dhawāt," which includes the *ʿushūriyah* property of individuals who originally came from the *a'yān*, like Muḥammad Sulṭān Pāshā, Ḥamīd Abu Stait and Ḥasan I-Sharīʿī. This register includes other non-Turkish *dhawāt* who would not necessarily qualify as *a'yān*, like Ismāʿīl Siddīq, Nübār, al-Ṭaḥṭāwī and others. Another detailed list of *dhawāt* landholders appears in Barakāt, and includes the names of Ṭaḥṭāwī, his sons 'Alī and Badawī, 'Alī Mubārak, and Ṣāliḥ Majdī (a pupil of Ṭaḥṭāwī and later a distinguished translator). See Schölch, *Egypt for the Egyptians*, pp. 27-28; Barakāt, pp. 183, 501-514.

⁹ Even during the 'Urābist interregnum of 1881-1882, the Cabinet was headed by *dhawāt* from non-Egyptian origins (Sharif, then al-Bārūdī, and finally Rāghib).

¹⁰ See al-Rāfiʿī, *ʿAṣr Ismāʿīl*, vol. 1, pp. 207-241, 264-268 for the biographies of Mubārak and al-Falakī respectively.

of *dhawāt*'s holdings was initiated in the late 1830s through two main forms: grants of large plots that were usually uncultivated and thus were not included in the land survey of 1813,¹¹ and the assignment as a tax-trust of the entire lands of a village or a number of villages.¹² In both forms, the ruler acted as the initial source of holdings, or patron, and land was first transferred by this means "not so much to capitalists or entrepreneurs as to persons whom the ruler wished to compensate and turn into landowners."¹³ Although the relative contribution of grants and trusts to the formation of large holdings was probably dropping, this practice continued until 1876, the year when Ismā'il invited direct foreign involvement in administering Egyptian finances. Various individuals from among Ismā'il's aides, like Sharīf, Nūbār, Rāghib, Ṣiddīq and Rīyād (of Turkish, Armenian, Greek, Egyptian and controversial origins respectively) received several grants ranging from 300 to 3,500 *faddāns* a time between 1863 and 1876.¹⁴ In contrast to the *dhawāt*, the initial holdings of the *a'yān* "owed its origin chiefly to the process of differentiation within the village itself, and was made at the expense of the fellah holdings."¹⁵ It is true that land grants and trusts added to the holdings of the *a'yān* who joined the ranks of *dhawāt*, but the nucleus of their holdings was an outcome of their strength in some local base, rather than patronage. This difference must have meant that there was a lower percentage of lands in the *a'yān*'s holdings which originated from grants,¹⁶ and consequently that the *a'yān* did not benefit as much as the *dhawāt* from the tax concessions that were usually given with grants (see below). Notwithstanding these differences between the *dhawāt* and *a'yān*, they together formed a cohort whose interests were generally served by the regime, both as large landholders and as influential participants in state administration.

¹¹ Land grants were called *ab'adīyāt* and *jifliks*, and were also described as *rīzaq bilā māl* (tax-free grants). See al-Hittah, p. 81; Ra'ūf 'Abbās Ḥāmid, *al-Nizām al-Ijtīmā'ī fī Miṣr fī Zill al-Milkiyāt al-Zirā'iyah al-Kabīrah 1837-1914* (Cairo, 1973), p. 15. Decrees underlying their evolution are given in Ya'qūb Artin, *al-Ahkām al-Mar'iyah fī Shā'n al-Arādī al-Miṣriyah* (Cairo, 1899), pp. 51-57 and in Jallād, vol. 1, pp. 126-135.

¹² A tax trust was known as a *'uhdah* and the trustee as a *muta'ahhid*. Decrees underlying the evolution of *'uhdah* (plural of *'uhdah*) from Muḥammad 'Alī to Sa'id Pāshā can be found in Jallād, vol. 2, pp. 679-681.

¹³ Baer, *Land Ownership*, p. 45. See also Abu-Lughod, p. 332.

¹⁴ See for example Barakāt, pp. 80-82.

¹⁵ Baer, *Land Ownership*, pp. 53-54. See also Ḥāmid, *al-Nizām*, p. 45.

¹⁶ This was the case of Muḥammad Sultān, who held in 1870 some 2,000 *faddāns*, of which he had obtained 437 *faddāns* only by way of land grants under Sa'id and Ismā'il. Tāhā, pp. 16, 18.

(B) The Traditional Elites as Large Landholders

1. Expanded Control over Land

Between the late 1830s and the late 1870s, the traditional elites gained control over an expanding proportion of agricultural land. Grants and trusts remained the major source of formation of landholdings, notwithstanding the lower proportion they constituted in the holdings of the *a'yān*. By 1847, towards the end of Muḥammad 'Alī's reign, the total areas of land given as grants or in trusts was some 1.7 million of the 3.6 million *faddāns* of agricultural land,¹⁷ a percentage share in excess of 47%. Additional land grants within the following thirty years totaled at least 1.1 million,¹⁸ the bulk of which (some 877,000 *faddāns*) originated under Ismā'il between 1863 and 1876.¹⁹ Thus, by the end of the 1870s, the total area of large holdings which originated from grants and trusts only was at least 2.8 million *faddāns*²⁰ or some 60% out of the total agricultural area by that time (some 4.7 million *faddāns*).²¹ Even after adjusting this figure downwards to allow for that part of grants and trusts that went to the royal family, it would still be safe to suggest that the traditional elites came to control over 40% of the total agricultural area through grants and trusts only.²²

¹⁷ The area of grants and trusts is based on compilations and comparisons of data mentioned in various references, including the works of Barakāt, Ḥāmid, Baer and Owen. The total area of agricultural land is based on an estimate made by the British Counselor in 1844 which is mentioned in Rivlin and cited in Ḥāmid. See Barakāt, pp. 73-75; Ḥāmid, *al-Niẓām*, pp. 34-35; Baer, *Land Ownership*, pp. 14, 17; Owen, *Cotton*, p. 61.

¹⁸ These totals exclude areas given as *'uḥad* after 1847, and may thus be underestimated.

¹⁹ Barakāt, p. 84; Baer, *Land Ownership*, pp. 20-21.

²⁰ The area of grants and trusts is based on data extracted from Barakāt, pp. 75-79, 84, 96. It is more or less in line with the estimate made by a contemporary writer in 1878. See [Sir] George Campbell, "An Inside View of Egypt," *Fortnightly Review* 29 (1878): 34. Campbell estimates that 50% of the land was "probably" controlled by large proprietors at the time of his writing.

²¹ I calculated the share on the basis of estimates of the total area of agricultural land in the late 1870s and early 1880s. The consulted sources put this around 4.7 - 4.8 million *faddāns*. See Barakāt, p. 162; Baer, *Land Ownership*, p. 20; Crouchley, *Economic Development*, p. 132; McCoan, p. 119; Schölch, *Egypt for the Egyptians*, p. 28; Owen, *Cotton*, pp. 238-239.

²² The total holdings of the royal family in the late 1870s is estimated at 1.1 million *faddāns*, or around 22% of the total agricultural area. This includes holdings originating from grants and trusts, as well as other means. See Barakāt, p. 162; Baer, *Land Ownership*, pp. 41, 43, 44; Cromer, vol. 1, pp. 60, 115; Vivian to Salisbury, 20/6/1878, *Parliamentary Papers, 1878-1879, Egypt 2* (1879), vol. 78, pp. 450-452; Rivers Wilson, p. 106.

There were other means of forming large holdings besides grants and trusts. A new source was opened under Sa'id when land abandoned by peasants (*matrūk*) was offered for sale in 1858.²³ Three years later, this was extended to all lands which were not counted in the 1813 cadastre. There is no comprehensive data available on the total acquisition of land through this channel, but there are examples of sales ranging from 170 to 3,400 *faddāns* per deal.²⁴ Furthermore, in the late 1860s, the parliament passed legislation allowing the acquisition of uncultivated lands (*al-arāḍi al-būr*) by whoever reclaimed and cultivated them, and conferred on such individuals tax holidays which ranged from three to fifteen years depending on the condition of the land.²⁵ Earlier, a series of laws and practices since the 1850s had allowed large holders to consolidate their holdings into large estates,²⁶ which must have become an instrument for conglomerating scattered lands into fewer bigger lots of higher fertility, and thus for the formation of large estates. Overall, therefore, various policies and practices continuously enabled the traditional elites to extend their control over larger areas of agricultural land and to consolidate this by the formation of large estates. By the 1870s, the cumulative impact of these practices allowed large holders to expand their holdings at a significantly high rate of accumulation. Thus, within the 1870s, the holdings of Ismā'il Ṣiddīq and Muḥammad Sulṭān, among others, increased from 4,024 to 30,000 *faddāns* and from 1,905 to 13,000 *faddāns* respectively.²⁷

2. Tax and Resource Privileges: 'Ushr and Corvée

Large holders enjoyed various tax and resource privileges. Land grants were exempted from taxes when these categories of holdings were first introduced in the late 1830s. In 1854, their holders became liable for an annual tax which was known

²³ Barakāt, p. 192.

²⁴ Barakāt, p. 111; Baer, *Land Ownership*, p. 13; Campbell, p. 33; 'Abd al-Ḥakīm, p. 142.

²⁵ Legislation's differentiated between three types of uncultivated lands: cultivable, saline, and wasteland. The first two were given three and six years tax holidays respectively, each paying the full *kharāj* land-tax thereafter. The last was allowed 15 years of tax holiday, followed by 5 years of taxation at the lower 'ushr rate, then the full *kharāj* rate from then onwards. See Barakāt, pp. 80-82; Ḥamid, *al-Nizām*, p.33; Sālim, p. 121.

²⁶ Decrees issued in 1854 and 1855 allowed holders of *ab'ādiyyah* lands to exchange their holdings for lands abandoned by peasants (*matrūk*) if the former were deemed to be of a lower productivity. Barakāt, pp. 77-78, 297-299; Ḥamid, *al-Nizām*, p. 32; Sālim, pp. 18, 48-50, 120-121; Baer, *Land Ownership*, pp. 29-31.

²⁷ The year 1870 is taken as a starting date for both. The ending years are 1876 for Ṣiddīq and 1882 for Sulṭān. Schölch, *Egypt for the Egyptians*, pp. 27-28.

as 'ushr, and these holdings became known, henceforth, as 'ushūriyah lands.²⁸ Some other categories of lands acquired by large holders enjoyed the lower 'ushr rate, at least for some time.²⁹ Contrariwise, holders of other lands paid the higher land-tax, the *kharāj*, and these holdings were known as *kharājiyah* lands.³⁰ Under Ismā'il, the area of 'ushūriyah lands grew enormously at a rate estimated between 88% and 150% relative to 1863.³¹ To take some quantitative estimates, it is generally agreed that the area of land over which the 'ushr was originally imposed in 1854 was some 650,000 *faddāns*.³² This is not much different from the area of 'ushūriyah land as it stood in 1863. By that date, this area was equal to 14.5% of the total agricultural land.³³ By the mid 1870s, however, 'ushūriyah lands had increased to anything between 1.2 and 1.6 million *faddāns*,³⁴ an area equal to some one-quarter to one-third of the whole agricultural land by that time. In contrast, the contribution of 'ushūriyah holders to the total tax receipts at that time was less than

²⁸ On the various categories of 'ushr, see Hāmid, *al-Nizām*, p. 27; al-Ḥittah, pp. 336-337; Barakāt, pp. 99-100; Baer, *Land Ownership*, p. 8 and p. 8 n. 2; Kenneth M. Cuno, "The Origins of Private Ownership of Land in Egypt: A Reappraisal," *The Modern Middle East: A Reader*, ed. Albert Hourani, Philip S. Khoury and Mary C. Wilson (London and New York, 1993), p. 222; Owen, *Cotton*, pp. 68-69. On laws related to 'ushūriyah lands, see Jallād, vol. 1, pp. 183-191 and Jirjis Hunayn, *al-ʿAṭyān wa-al-Ḍarāʾib fī al-Quṭr al-Miṣrī* (Būlāq, 1904), pp. 221-231.

²⁹ This was the case with *al-arāḍi al-būr*. See note 25 above.

³⁰ See sources in note 28. Baer warns that the distinction between *kharāj* and 'ushr here should not be confused with the traditional distinction in Muslim societies when the 'ushr was paid by Muslims only, and notes that in nineteenth-century Egypt many 'ushūriyah lands were held by non-Muslims of domestic and foreign stock.

³¹ Based on the figures in Baer (see notes below), this expansion seems to have stopped by or around 1875.

³² Barakāt gives a figure of 655,999 *faddāns* on the basis of archival research. This would only be slightly higher than the figure implied in Baer, who accepts Artin's estimate of 635,000 *faddāns* for 1840, and gives a figure of 636,177 *faddāns* for 1863 on the authority of Artin and Eid. See Barakāt, p. 100 cf. Baer, *Land Ownership*, p. 20.

³³ The relative share is calculated on the basis of the estimates given in Baer, *Land Ownership*, p. 20.

³⁴ Barakāt gives a figure of 1.6 million *faddāns*, much higher than the estimates given in Baer, Crouchley and McCoan, all of which range between 1.2 and 1.3 million *faddāns*. Barakāt's figures, however, are directly taken from archival research. On the basis of that research, Barakāt arrives at a figure of 1,614,543 *faddāns* by the end of 1290 (January 1874), implying an increase of 958,544, or 150%, between 1863 and 1874. Baer, on the authority of Artin and Eid, gives a figure of 1,194,288 *faddāns* by 1875, implying an increase of only 558,111 *faddāns* between both dates, still a very substantial expansion of 87.8% relative to the base in 1863. There are other estimates by Crouchley and McCoan which fall within those two ends. See Barakāt, p. 100 cf. Baer, *Land Ownership*, p. 20; Crouchley, *Economic Development*, p. 132; McCoan, p. 119; Schölch, *Egypt for the Egyptians*, p. 28.

10%,³⁵ given the fact that the rate of *kharāj* was on average four times as much as the 'ushr (LE 1.162 versus LE 0.303 per *faddān*).³⁶ This must have been the basis for McCoan's suggestion that the 'ushr "[could] be written down as an almost minimal quit-rent."³⁷

Not all lands held by large holders, however, were treated as 'ushūriyah. Lands given as tax-trusts were, by definition, *kharājīyah* lands. Even here, trustees were partly compensated through a tax-free area. Furthermore, some land grants were given as *kharājīyah* lands at least for a period of time.³⁸ The only generalization that can be made here, therefore, is that at least part of the lands held by large holders received preferential tax treatment as 'ushūriyah lands. The effective tax rate must have therefore varied according to the mix in the possession of each landholder. Generally speaking, a higher share of 'ushūriyah lands was held by the royal family and *dhawāt*, the old classes so to speak. According to the reports of the British Consul Vivian in 1878, the area of land mortgaged by the royal family on the account of the public debt by that time was 431,915 acres, of which only 114,720 (slightly more than one-quarter) were *kharājīyah* lands and the remaining were 'ushūriyah.³⁹

Besides tax privileges, large holders enjoyed preferential treatment in the use of agricultural resources, most importantly irrigation works⁴⁰ and labour. For example, grantees were exempted from sending peasants on their own estates for public works (viz. *corvée* or forced labour) if they paid some nominal fee instead,⁴¹ and were hence able to enjoy privileged access to agricultural labour. Reports by British vice-consuls show that even this privileged access was manipulated further by some larger holders, who neither sent their peasants for public works nor paid the stipulated exemption fee.⁴² There were also other manifestations of access to cheap labour, as in the trust system which practically became the means for their

³⁵ Baer, *Land Ownership*, p. 31; Cromer, pp. 114-115.

³⁶ These rates are taken from Baer, *Land Ownership*, p. 31. Some of these figures are also given in al-Hittah, pp. 336-337.

³⁷ McCoan, p. 176.

³⁸ Baer, *Land Ownership*, p. 20.

³⁹ Vivian to Salisbury, 20/6/1878, *Parliamentary Papers, 1878-1879, Egypt 2* (1879), vol. 78, pp. 450-452.

⁴⁰ Some examples are given in Owen, *Cotton*, pp. 62, 64. See also Barakāt, pp. 102-110; Campbell, p. 33.

⁴¹ This was 12 s per head according to Mulhall, p. 532.

⁴² Baer, *Land Ownership*, pp. 32-33; Owen, *Cotton*, pp. 64, 144-145.

holders to the unpaid labour of peasants in their respective trusts, even though these holders were--strictly speaking-- only trustees.⁴³

3. Consolidation of Property Rights

A third set of gains achieved by large landholders was the consolidation of property rights over their holdings. Originally, holders of all types of lands enjoyed rights of usufruct only. In 1842, holders of grants and trusts were given the right to sell, mortgage or cede those lands,⁴⁴ which constituted grounds for some writers to describe this law as an act of granting full ownership rights to grantees and trustees.⁴⁵ Only one major category of lands, *athariyah* lands, remained without such rights. Unlike land grants, these were areas that had been included in the land survey since 1813 and were originally held by small peasants before a large proportion of them passed into the hands of large holders through various means. Between 1847 and 1871, holders of those lands got the right to mortgage their holdings, to cede the right of usufruct to third parties, and to retain land definitely on the conditions of continued cultivation and payment of *kharāj* for five consecutive years.⁴⁶ In spite of these entitlements, the strict ownership of the land (*al-raqabah*) remained vested in the state's hand, as evidenced by the continued prohibition on endowing the land and the lack of compensation in case of expropriation for public use.⁴⁷

⁴³ Barakāt, pp. 102-110, 107. See also Owen, *Cotton*, p. 60.

⁴⁴ Decree dated 5 Muḥarram 1258 (February 1842). See Ḥamid, *al-Niẓām*, p. 30. The text of this decree appears as an appendix in *ibid.*, pp. 257-258.

⁴⁵ *Ibid.*, pp. 15-16, 30; Sālim p. 117; Barakāt, p. 71 cf. Baer, *Land Ownership*, p. 7.

⁴⁶ Those rights were given in the first, second, and third land laws of 1847, 1855 and 1858 respectively, the latter also known as *al-Lā'ihah al-Sa'idīyah*. See "*Lā'ihat al-Aṭyān al-'Ulyā*," dated 23 Dhū al-Hijjah 1263 (December 1847) and discussed in *al-Ḥittah*, pp. 71-76; Baer, *Land Ownership*, pp. 7-10; Barakāt, pp. 55-56; Ḥamid, *al-Niẓām*, p. 14. The 1858 law appears in official compilations which started in 1875 in accordance with Mixed Courts regulations. The text that appears there, however, is a modified version of the original law after the addition and deletion of certain articles to reflect changes that took place since it was first issued. See *al-Ḥittah*, p. 92; Barakāt, p. 57 n. 3. The Gregorian dates of some of those laws may differ from one source to the other. In some sources, the equivalent Gregorian dates for the laws of 1263 and 1271 are 1846 and 1854 instead of 1847 and 1855 respectively. See Egypt, *al-Qawānīn al-'Aqāriyah fī al-Diyār al-Miṣriyah* (Bulāq, 1893), serials 11, 20, 35, 97; Barakāt, p. 56 n. 2.

⁴⁷ Baer, *Land Ownership*, p. 9. See also *al-Ḥittah*, pp. 89-90. Generally speaking, the 1858 law is praised on the grounds that it gave broader transactional rights to *athariyah* holders. See, for example, Mikḥā'il Shārūbīm, *al-Kāfi fī Tārīkh Miṣr al-Qadīm wa-al-Ḥadīth* (Bulāq, 1900), vol. 4, p. 111 and *al-Rāfi'ī, 'Asr Ismā'īl*, vol. 1, pp. 24-25. Some writers, however, emphasize that it discriminated in favour of rich *athariyah* holders by making those broader rights conditional on

In 1871, a major development occurred with the Muqābalah law, which was essentially an attempt to resolve the financial embarrassment that the public debt of Egypt had started to create. This law was basically a trade-off of ownership rights and some tax privileges against advance payment of taxes by landholders, which was offered first on optional basis, but became obligatory some two and a half years later. Specifically, the law promised full ownership rights,⁴⁸ including the right to sell, bequeath, give away, and endow land to whoever pays six years of land tax, over and above the regular annual tax payment, either in one shot or in up to six annual installments. Such a landholder would also enjoy a permanent reduction of his land tax by 50%, in addition to an undertaking that that tax would never be raised in the future.⁴⁹ The rationale behind these tax concessions was that the funds raised through al-Muqābalah would pay off the outstanding debt, and would thus relieve the treasury from the future burdens of debt service and make it possible to give away so much of future income.⁵⁰ It seems that this rationale was accepted at that time as evidenced in a comment by an Austrian publication that "with this law the Egyptian statesmen join the line of the most astute financial politicians of our time."⁵¹

By the time the law was issued, the position of small holders had deteriorated to an extent that was making it difficult for them to skim away funds for the regular tax payment, let alone purchase of title and future tax concessions. Accordingly, it was

investing in land by planting trees or erecting water-wheels, etc. Ḥāmid, *al-Nizām*, p. 18.

⁴⁸ Accordingly, it is sometimes argued that it should be taken as the point of departure in the periodization of the modern social history of Egypt. 'Abd al-Ḥakīm, pp. 133-134. See also Crouchley, *Economic Development*, p. 127; Ḥāmid, *al-Nizām*, pp. 21-22.

⁴⁹ The law originally took the form of a decision by the Privy Council and was made of a preamble and 45 articles, including a study of the deteriorating financial position of the state. It became law by a supreme decree dated 13 Jamadā al-Thānī (30 August 1871), and was followed by an annex of three articles in a decree dated Rajab 1, 1288 (September 1871). Barakāt, p. 61. For the texts of the law, see Jallād, vol. 3, pp. 652-666. For a discussion of the various provisions, see Barakāt, pp. 61-64; al-Ḥittah, pp. 91-92; Baer, *Land Ownership*, p. 10; al-Rāfi'i, *'Asr Ismā'il*, vol. 2, p. 39; Campbell, p. 33; Hunayn, pp. 528-532; Henry C. Kay, "Land tenure and taxation in Egypt," *Contemporary Review* 43 (1883): 417.

⁵⁰ The calculations here were based on the premises that the state foreign debt was some £ 30 million in 1871 and that the land tax yielded an annual sum of £ 5.15 million at that time. Schölch, *Egypt for the Egyptians*, pp. 44-45; Baer, *Land Ownership*, p. 10 cf. al-Rāfi'i, *'Asr Ismā'il*, vol. 2, pp. 39-40.

⁵¹ Quoted in Schölch, *Egypt for the Egyptians*, pp. 44-45.

mainly landholders of considerable means who were able and keen on availing themselves of the provisions of the law. As Schölch observed,

Only a small number of privileged people really grasped the advantages of the Muqābala laws, and thought of taking advantage of them. They were the same people who later obstinately resisted the revocation of the law, both for their own economic advantage and for other reasons.⁵²

The mixed history of the Muqābala law⁵³ reflects a restless balance between the need to maximize state revenues on the one hand and the tendency to serve the interests of elements indispensable to the regime (viz. *dhawāt* and *a'yān*) through legislation of formal land ownership rights and related privileges.⁵⁴ In an attempt to make the scheme more feasible to landholders, it was amended in 1873 to make payment possible over 12 rather than 6 installments.⁵⁵ In the following year, al-Muqābala was made obligatory in an attempt to force a rise in its proceeds.⁵⁶ As the public debt position continued to deteriorate, payments under Muqābala proved much lower than hoped. The questions regarding whether the conceded tax privileges should continue became an item consistently on the agenda of various debt settlement schemes, and the law became a focus of struggle between landholders for whom it was a means for tax concessions and ownership rights and parties whose main concern was to maximize state revenues at the expense of the conceded tax privileges. In May 1876, al-Muqābala was abolished within a debt unification scheme,⁵⁷ to be re-enacted, partly under the parliament's pressure, in November of the same year.⁵⁸ As the conflict intensified between the traditional elites and the newly established European administration of Egyptian debt and finances, al-Muqābala emerged as a prominent issue when domestic forces

⁵² Schölch, *Egypt for the Egyptians*, p. 46. On the factors which made the law attractive for large holders, see also Barakāt, pp. 82-83; Kay, p. 417.

⁵³ An overall account of the history of al-Muqābala is given in Baer, *Land Ownership*, pp. 10-11; al-Hittah, pp. 340-344; Barakāt, pp. 61-64.

⁵⁴ This follows a general proposition made by Kenneth Cuno in connection with history of land ownership in Egypt. See Cuno, pp. 220-222.

⁵⁵ Schölch, *Egypt for the Egyptians*, p. 46.

⁵⁶ Ibid, p. 46.

⁵⁷ al-Rāfi'i, *ʿAsr Ismāʿīl*, vol. 2, pp. 40-41; McCoan, p. 123; Stanton to Derby, 8/5/1876 inclsr., *Parliamentary Papers, 1876, Egypt 8 (1876)*, vol. 83, pp. 66-72.

⁵⁸ A full background on the reinstatement of al-Muqābala in November 1876 in accordance with Goschen's recommendations is given in Seymour Keay, "Spoiling the Egyptians: A Rejoinder," *Contemporary Review* 42 (1882): 779-780.

coalesced against foreign administration for the first time in early 1879.⁵⁹ After the tax privileges conceded in the Muqābalaḥ were finally repealed in 1880,⁶⁰ al-Muqābalaḥ remained among the issues around which domestic forces briefly gathered, for the second time, during the earlier period of what later became known as the 'Urābī movement (1881-1882).

Starting in the late 1830s, therefore, a nucleus of large landholders was created from the *dhawāt* through land grants and trusts. Simultaneously, a second tier of holders was being formed among the *a'yān*, who acquired their initial holdings through the process of social differentiation. Eventually, the traditional elites, as a group, supplemented their holdings by a variety of ways, including further grants and trusts, purchases of lands abandoned by peasants, and acquisition of uncultivated lands. Furthermore, they managed to consolidate those holdings into large estates through various practices and legislation. Taken as a group, the traditional elites enjoyed tax and resource privileges even after the imposition of the relatively modest *'ushr* tax, although it seems that the proportion of *'ushūriyah* lands in the possession of the *dhawāt* was generally higher than that held by the *a'yān*. Within the course of their evolution as large landholders, the traditional elites gradually acquired transactional rights over their holdings, reaching the point of virtual ownership over some of those lands in the early 1840s. Their privileges as large landholders were bound to be promoted further by the Muqābalaḥ law, from which they benefited as the party most capable of making payments in exchange for property and tax concessions. By the late 1870s, therefore, the traditional elites emerged as large landholders who controlled a large proportion of the agricultural land and enjoyed distinct property and tax privileges, and the possibility existed for enhancing those privileges further with the concessions promised in the Muqābalaḥ.

⁵⁹ This is discussed in Chapters Three and Four.

⁶⁰ This was done by a decree in January 1880, and was later confirmed by the Liquidation Law in July of that year. Keay, pp. 779-780. A report by the Egyptian Minister of Finance to Khedive Tawfīq in January 1880 which contained the proposals to abolish al-Muqābalaḥ and the subsequent Khedivial decree can be found in Jallād, vol. 3, pp. 666-671 and in *Fihrist al-Awāmir al-'Āliyah 1876-1880*, pp. 131-138.

(C) The Rise of the A'yān in Political Administration

1. The A'yān in Provincial and Central Administration

Within the ranks of the traditional elites, power distribution changed in favour of the a'yān who played an increasing role in the provincial and central administration of the state. The rise of the a'yān started in the late 1830s when tax trusts were created, and the powers exercised previously by central authorities were transferred to village heads ('*umdas* or *shāykh*s), who became responsible for functions like the allocation, collection and payment of taxes to government officials, the provision of corvée labour, conscription for military service, etc.⁶¹ In its selection of village heads, the government followed the rule that the selected individual must be "an affluent man, if not the most affluent in the village."⁶² It seems that this was a rule of thumb which the central authorities continued to observe, as evident in a directive issued in 1881 by Sharīf Pāshā as Prime Minister to Provincial Governors, who were responsible for appointing village heads. The selected individual, Sharīf emphasized,

must possess complete influence in their own localities which no one would be able to oppose[,] such influence coming by way of their possession of either wealth and riches or of agricultural and commercial interests.⁶³

⁶¹ Gabriel Baer, "The Village Shaykh, 1800-1850" in *Studies in the Social History of Modern Egypt* (Chicago, 1969), pp. 40-42, 45; Ḥāmid, *al-Niẓām*, pp. 186-187; Wallace, pp. 208-209; Owen, *Cotton*, p. 63.

⁶² Wallace says that the landholdings of a village head was 800-1,000 *faddāns* on average. It seems that even when those holdings appeared small in absolute terms, they were still a significant proportion of the village's lands. Baer cites from 'Alī Mubārak cases when the holdings of the village head ranged between 11% and 50% of the village's lands. This position was frequently retained within the same family for several generations, a practice which may be continuing until the present day. Wallace, p. 191; Baer, *Land Ownership*, pp. 51, 54-55; Baer, "Village Shaykh," pp. 35, 37; Sālim, pp. 139-145; Barakāt, pp. 242-249.

⁶³ The complete text of the directive is in Aḥmad 'Urābī, *Kashf al-Astār 'an Sirr al-Asrār fī al-Nahḍah al-Miṣriyah al-Mashhūrah bi-al-Thawrah al-'Urābiyah* (Cairo, n.d.) vol. 1, p. 249. There is anecdotal evidence of the influence heads possessed over the population in their areas. For example, when acts of aggression against Europeans occurred during the 'Urābī movement, Demetrius Sakelaridis, a Greek owner of a large ginning mill at Sa-el-Ḥagar, Buḥayrah, was able to escape such suffering because of his good connections with the *shaykh*s in the region. See 'Abd Allāh al-Nadīm, *al-Mudhakkirāt al-Siyāsiyah li-'Abd Allāh al-Nadīm*, ed. Muḥammad Aḥmad Khalaf Allāh (Cairo, 1956), pp. 15-16; Ḥāmid, *al-Niẓām*, pp. 187-189; Barakāt, pp. 233-239.

Appointment to the position of village head was a possible start for a career in the central administration. The three principal posts in the hierarchy of provincial administration (in ascending order: *nāẓir qism*, *mā'mūr*, *mudīr*) were occupied mainly by Turkish elements until the mid-nineteenth-century.⁶⁴ The rise of *a'yān* to higher posts started under Sa'īd (1854-1863) and continued under Ismā'īl when they were increasingly promoted to *mudīrs* (Provincial Governors).⁶⁵ It was also under Sa'īd when the *a'yān*'s children were recruited into the army and promoted to the ranks of officers.⁶⁶ By the end of the 1870s, most of the senior posts in provincial administration were held by Egyptians.⁶⁷ There were also senior posts in the central administration that were occupied by indigenous Egyptians even before that time, like those of the Inspector General and his Deputy, Ismā'īl Ṣiddīq and Muḥammad Sulṭān Pāshās respectively in the late 1860s.⁶⁸ Other posts occupied by Egyptians included the positions of provincial judges, members of rural administration councils, managers of viceregal estates, etc.⁶⁹ Thus, indigenous elements penetrated provincial and central state institutions and "supplanted Turks in almost every branch of the administration, which in a few years bids fair to be wholly in Arab and Coptic hands."⁷⁰

⁶⁴ McCoan, p. 112.

⁶⁵ Ḥāmid, *al-Nizām*, p. 81 cited also in Samīr Ṭahā, p. 13; Hunter, p. 539; Baer, *Land Ownership*, p. 50.

⁶⁶ In a famous speech quoted at length by 'Urābī and al-Nadīm, Sa'īd addressed those new recruits, praising their potential and promising further promotion. 'Urābī, vol. 1, p. 16; al-Nadīm, pp. 19-21. This change was behind what Auckland Colvin called "the germs of military ambition," which became manifested later as the absolute power of the Khedive weakened and Europeans increasingly controlled government institutions. Auckland Colvin, *The Making of Modern Egypt* (London, 1906), pp. 7, 9. See also Sālim, pp. 98-106, 113, 151-163; Abd al-Azīm Ramadan, "Social Significance of the 'Urabi Revolution," in *Groupe de Recherches et d'Etudes sur le Proche-Orient, L'Égypte au XIX^e siècle* (Paris, 1982), p. 191.

⁶⁷ McCoan, p. 112. For examples, see the biographical account of Ḥāmid Abū Stait, Provincial Governor of Jirjā and of Qīnā, whose landholdings were no less than 7,000 *faddāns*. Baer, *Land Ownership*, pp. 49-50. See also the account on Ḥasan al-Shirī'i, Deputy Governor of Banī Swāif, in Samīr Ṭahā, p. 14.

⁶⁸ Hunter, pp. 539-540. A study of the career path of Muḥammad Sulṭān can be found in the biographical studies of Hunter and of Samīr Ṭahā. See Hunter, pp. 539-541; Ṭahā, pp. 14-17. On the rise of indigenous Egyptians in the administration and the accompanying wealth accumulation through the receipt of land grants in lieu of pensions, see Abu-Lughod, pp. 334-336.

⁶⁹ Hunter, p. 539.

⁷⁰ McCoan, pp. 28-29. See also Barakāt, pp. 187-188. The significance of controlling provincial administration posts is manifested in the example given by Beaman when orders by the Minister of Interior to abolish the bastinado carried a mark on the edge of it indicating to the recipients that it should be ignored. See A. Beaman, "The Restoration in Egypt," *Fortnightly Review* 40 (1883): 627-628.

Concomitant to the administrative rise of the *a'yān*, members of this group managed to expand their economic activities within and outside the rural economy to obtain a larger share of income which originated in agriculture. They achieved this by combining their privilege as wealthy cultivators with their status as local administrators to branch into activities like commercial intermediation and making loans to peasants to fund their tax liabilities.⁷¹ In doing so, they seem to have made use of their ability to borrow funds from various banks at relatively low rates (some 9% p.a.), then subdivide the amount borrowed and lend it to peasants at rates from 25 to 40% p.a.⁷² This practice ended usually in the dispossession of the peasants in favour of the *a'yān*, whether as lenders or as parties who possessed the funds to purchase the encumbered property.⁷³ As a result, an increasing share of land moved to the hands of the *a'yān*, who, according to a contemporary observer, were bound to become the largest landowners in Egypt.⁷⁴ In addition to lending and commercial intermediation, the *a'yān* practiced other activities, like investing in ginning plants and steam-pumps and getting initiated to "the world of European commercial speculation" through the cotton stock exchange market at Mīnā al-Baṣal, Alexandria.⁷⁵

2. Majlis Shūrā al-Nūwāb (The Parliament)

In the late 1860s, the rise of the *a'yān* was further consolidated by the creation of a parliamentary body, Majlis Shūrā al-Nūwāb, which was effectively the *a'yān*'s representative body.⁷⁶ The electorate body in the provinces was made up of the

⁷¹ The notables of Tafanaa-el-Azar [Tafahnā al-'Azab ?] at Gharbiyah told Stuart that there was comparatively little debt in their locality because "[we] always set our faces against the usurers" and lend money directly to the villagers. [Villiers Stuart], "Reports by Mr. Villiers Stuart, M.P., Respecting Reorganization in Egypt," in *Parliamentary Papers, 1883, Egypt 7 (1883)*, vol. 83, p. 173. See also Wallace, p. 225; Ḥāmid, *al-Niẓām*, pp. 187-189.

⁷² Ḥāmid, *al-Niẓām*, p. 145; cited also in Sālim, p. 37.

⁷³ For examples, see Wallace, pp. 183-187, 197-198, and 224-228. See also Barakāt, pp. 233-239; Baer, "Village Shaykh," p. 50.

⁷⁴ Wallace, p. 477. See also Campbell, pp. 34-35; John Ninet, "Origin of the National Party in Egypt," *Nineteenth Century* 13 (June 1883): 121-122.

⁷⁵ Wallace, p. 198. See also *ibid.*, pp. 199 and 211. For examples, see *The Times*, 26/3/1879; Owen, *Cotton*, pp. 130-131; Baer, "Village Shaykh," p. 50; Barakāt, pp. 240-241.

⁷⁶ A rich and comprehensive documentary presentation of parliamentary history can be found in the six volume work of Muḥammad Khalīl Ṣubḥī, *Tārīkh al-Ḥayāh al-Niyyābiyah fī Miṣr* (Cairo, 1947). A brief overview of parliamentary life under Ismā'īl and Tawfiq is given in vol. 4, pp. 14-40. On the foundation of the parliament as a gathering point for the *a'yān*, see Rif'at al-Sa'id, *al-Asās al-*

'*umdas* and *shāykh*s of different localities (Article 7), who filled no less than 80% of the seats in the three parliaments elected between 1866 and 1876.⁷⁷ The authority of the Majlis was restricted by various powers which the Khedive and government retained over calling for elections, modifying the duration of parliamentary sessions, changing the members of the Majlis, deciding its agenda, and appointing its Chair and Deputy Chair.⁷⁸ These constraints made some scholars discount the significance of the Majlis as an independent institution.⁷⁹ Nevertheless, the Majlis was used as a platform to voice the immediate interests of the *a'yān* to the extent that some contemporary observers described it in 1879 as "a body invested with full powers, on the European plan, and to which his [the Khedive's] ministers were to

Ijtimā'i lil-Thawrah al-'Urābiyah (Cairo, 1966), pp. 45-48; Ninet, pp. 128-130; al-Rāfi'i, *'Aṣr Ismā'il*, vol. 2, pp. 78, 84; Hāmid, *al-Niẓām*, pp. 191-205; Schölch, *Egypt for the Egyptians*, pp. 73-78; Ṣalāḥ 'Isā, *al-Thawrah al-'Urābiyah* (Beirut, 1972), pp. 314-328; Abu-Lughod, pp. 341-343; Sālim, pp. 140-141.

⁷⁷ On the participation of some leading merchants in the parliament, see Sālim, pp. 345-351. The names mentioned there include 'Anānī, al-Shamsī, al-'Aqqād and others. A biographical account on the latter can be found in 'Abd al-Mun'im Ibrāhīm al-Dusūqī al-Jumai'i, *Ḥasan Mūsā al-'Aqqād wa-Dawruh fī al-Ḥarakah al-Siāsīyah al-Miṣriyah*, in *al-Thawrah al-'Urābiyah: Buḥuth wa-Dirāsāt Wathā'iqiyah*. Complete lists of the names of members of Majlis Shūrā al-Nūwāb between 1866 and 1881 and some relevant statistics are given in Ṣubḥī, vol. 6, pp. 17-42, 256-352. See also al-Rāfi'i, *'Aṣr Ismā'il*, vol. 2, pp. 82-84, 109-111, 149-151.

⁷⁸ The constituent law and regulatory code of the Majlis were issued in 1866. These can be found in several references, including Ṣubḥī, vol. 5, pp. 83-98; al-Rāfi'i, *'Aṣr Ismā'il*, vol. 2, pp. 287-298; 'Urābī, vol. 1, pp. 277-289; al-Naqqāsh, vol. 4, pp. 151-159. The Chair and Deputy Chair were appointed by the Khedive and did not necessarily come from the elected members in the Majlis. The first three Majlises were chaired by appointees chosen from the Turkish *dhawāt*. See Hāmid, *al-Niẓām*, p. 191.

⁷⁹ Thus, Alexander Schölch argues that

[t]he constituent law and the standing orders of the Chamber made the institution's character perfectly clear: it was conceived as a kind of second Privy Council whose members were to inform the Khedive at first hand about provincial problems, and who in their turn were to make known his civilizing message in the provinces.

Schölch, *Egypt for the Egyptians*, p. 17. See also pp. 13-18. 'Abduh gives a similar general assessment of the Majlis, basing it both on the theoretical limits to its operations as per the constituent law and regulatory code, and on the practices followed in dealings between the Majlis and the Khedive. See Muḥammad 'Abduh, *Mudhakkirāt al-Imām Muḥammad 'Abduh*, edited with a forward by Tāhir al-Tanaḥī (Cairo, 1963), p. 45. See also al-Rāfi'i, *'Aṣr Ismā'il*, vol. 2, p. 81. On specific incidences, see Shārūbīm, vol. 4, p. 145; Sarhank p. 358; An English Resident, "Egypt and Constitutional Rule," *Contemporary Review* 41 (1882): 555; *Mudhakkirāt al-Za'im Aḥmad 'Urābī*, with a foreword by Aḥmad 'Abd al-Raḥīm Muṣṭafā, *Kitāb al-Hilāl* (May, 1989), vol. 2, p. 305; al-Rāfi'i, *'Aṣr Ismā'il*, vol. 2, pp. 38, 85-88, 98-100, 101-109, 112, 114-121; Cromer, vol. 1, p. 115; Schölch, *Egypt for the Egyptians*, pp. 17, 73-78.

be responsible."⁸⁰ During the first two parliamentary bodies (1866-1869 and 1870-1873),⁸¹ deliberations involved issues which reflected the interests of the notables as large landholders who held a relatively large proportion of *kharājīyah* lands in comparison to the *dhawāt*, and was manifested in some legislation of the late 1860s like those allowing tax exemptions up to 15 years on acquisitions of waste lands⁸² and the acquisition of lands abandoned by peasants.⁸³ This was displayed even stronger in the third parliament (1876-1879), during which the notables opposed the decrees of May 1876 rescinding al-Muqābalah on the grounds that these compromised the privileges that were granted to them by law.⁸⁴ The Khedive accordingly accepted restoration of those privileges.⁸⁵ Hence, when Villiers Stuart, an MP of the British Parliament, held interviews in the countryside in 1883, villagers testified that the Majlis, or the "Council of Notables" as called in these interviews, represented the interests of the notables in spite of having little say in the public affairs of the country.⁸⁶

(D) Conclusion

Since the late 1830s, absolute control of the ruler over land was declining gradually with the creation of large holdings from the ruler's entourage. The largest holdings were a function of political power: areas held either by the royal family or by senior bureaucracy, the *dhawāt*. Gradually, however, the ranks of large holders were

⁸⁰ Edwin de Leon "The Khedive's 'Coup d'État,'" *The International Review* 7 (1879): 65. This sounds similar to McCoan's statement that the Majlis's recommendations were respected and implemented. McCoan, p. 115. See also 'Abd al-Ḥakīm, p. 149 and Wallace, p. 214.

⁸¹ An overall summary of the deliberations of the Majlises of 1866-1869 and 1870-1873 can be found in al-Rāfi'i, *ʿAṣr Ismāʿīl*, vol. 2, pp. 78-109 and 109-122. The same two parliaments are also covered in Ḥāmid, *al-Muʾaraḍah al-Waṭaniyah*, pp. 49-54, 194-196.

⁸² See note 25 above.

⁸³ Cuno, p. 221; Barakāt, pp. 239-240. There are other examples of deliberations which served the agricultural interests of large holders in al-Rāfi'i, *ʿAṣr Ismāʿīl*, vol. 2, pp. 91-96, 100-101, 108, 113-120; ʿIsā, pp. 314-328 & 357; Abu-Lughod, p. 343; Baer, "Village Shaykh," pp. 57-58; Sālim, pp. 122-129. See also 'Abd al-Ḥakīm, p. 149.

⁸⁴ al-Rāfi'i, *ʿAṣr Ismāʿīl*, vol. 2, p. 149; Abu-Lughod, pp. 340-342, 343.

⁸⁵ Cookson to Derby, 18/8/1876, *Parliamentary Papers, 1878-1879, Egypt 2* (1879), vol. 78, p. 241. There is a controversy around the interpretation of the role of the Majlis in this connection. See Schölch, *Egypt for the Egyptians*, pp. 75-76 cf. Abu-Lughod, pp. 342-343, al-Rāfi'i, *ʿAṣr Ismāʿīl*, vol. 2, pp. 151-152; Baer, "Village Shaykh," pp. 57-58.

⁸⁶ Stuart, "Reports," in *Parliamentary Papers*, pp. 170-172 for example. This sounds in agreement with the assessment of 'Abd Allāh al-Nadīm. See al-Nadīm, pp. 129-135.

penetrated by indigenous Egyptian notables, the *a'yān*, who owed their initial accumulation to social differentiation rather than grants. As the ranks of large holders expanded towards the formation of a class with privileged tax and resource position, the relative share of the royal family was declining albeit still the largest. Meanwhile, as the financial strain on public revenues was increasing as a result of the public debt crisis, the ruler increasingly resorted to the resources of large holders in exchange for confirming their property rights and promising perpetual tax reductions, most notably through al-Muqābalah law in 1871. By the end of the 1870s, therefore, the *dhawāt* and the *a'yān* had acquired a large share of land, privileged tax and resource position, promised ownership rights over their holdings, and a promised perpetual reduction in land tax. Thus, notwithstanding differences in the extent to which they relied on political patronage in forming the nucleus of their initial holdings, the evolving similarity in the interests of the *dhawāt* and the *a'yān* as landholders was enough to make them ally "as members of an ethnically diversified class, differentiated by an economic rather than ethnic principle of social organization"⁸⁷ when those interests were in the balance.

Taking both together, the *dhawāt* and the *a'yān* were the political and economic elites whose interests were perpetuated and furthered within the existing social order, viz. the traditional elites of this social order. The vested interests of the traditional elites were reinforced by the power-sharing arrangement which gave the *a'yān* control over the parliament and retained the cabinet largely as a domain for the old guards of the *dhawāt*, like Sharīf Pāshā, until the formation of Nūbār's cabinet in late 1878.⁸⁸ Nevertheless, it is still possible to detect that the existing institutional relations between the cabinet and the parliament was liable to some revision as a result of the recent relative rise of the *a'yān*.

When European control gradually took over, it resulted in curbing the Khedive's political and economic power in various ways. This in itself could have suited the

⁸⁷ Abu-Lughod, p. 332. Ramadan similarly argues that the *dhawāt* and *a'yān* were becoming fused into an "agricultural bourgeoisie" with declining ethnic differences by the mid 1870s. Ṣalāḥ 'Īsā distinguishes between the two groups, describing the former as an agricultural aristocracy and the latter as an agricultural bourgeoisie. See Ramadan, "Social Significance," p. 188 cf. 'Īsā, pp. 139-140.

⁸⁸ Within that arrangement, the *a'yān* had potential influence as power-brokers, manifested in situations like their mediation between Sharīf and the army in September 1881.

interests of the traditional elites if it permitted them a share in the space that was thus created, and as long as their economic interests were preserved. The policies which the control aimed at promoting, however, fulfilled neither of these conditions. On the one hand, power was transferred to European-dominated bodies, thus withdrawing from the traditional elites the prospects of increased share in political administration. Moreover, the economic interests of the traditional elites were threatened directly by the policy changes which were considered by European control shortly after the formation of the Commission of Inquiry. The result was a movement in which the traditional elites coalesced to retain the economic interests which European control threatened and to capitalize on the declining power of the Khedive by claiming a greater share in the political administration of the country.

Chapter Three: The National Movement of April 1879

As mentioned earlier, the Commission of Inquiry practically acted as a vehicle for transferring control over Egypt's finances and administration to European hands. This was achieved partly through the recommendations of the Commission's preliminary report, some of which were outlined previously. One of the important impacts of this report was that it curbed the Khedive's economic and executive powers through two specific measures. The first of these related to the royal landholdings. A few days before its submission to the Khedive, Wilson wrote that the preliminary report's chief point was to achieve complete surrender by the Khedive of all his lands.¹ In fulfillment of this objective, the Commission recommended the ceding of Khedivial property to the state and the creation of an independent administration for managing them, with a mandate which spanned all types of transactions including the sale, pledge or mortgage of that property.² A year earlier, some 485,000 *faddāns* had already been consolidated under such a separate administration, the Dā'irah Khaṣṣah and the Dā'irah Sanīyah.³ In the background to this was the prior giving of those lands as security to three loans contracted between 1865 and 1870 with the Anglo-Egyptian Bank (£3.387 million, 1865), the Imperial Ottoman Bank (£2.08 million, 1867) and Bischoffschleim Bank (£7.14 million, 1870).⁴ Following the preliminary report, a further 426,000 *faddāns*⁵--representing the remaining royal holdings⁶--were ceded in October 1878 as security to a loan of £8.5 million advanced by Rothschilds⁷ and another separate administration, the Domain, was created under European management to run that property.⁸ The initial understanding was that this ceding was a tentative

¹ Rivers Wilson, pp. 152. The same role is attributed to Nūbār in Wallace, pp. 332-333.

² Sarhank, p. 359.

³ Vivian to Salisbury, 20/6/1878, *Parliamentary Papers, 1878-1879, Egypt 2* (1879), vol. 78, p. 450; Baer, *Land Ownership*, pp. 41-42; F.J.Goldsmid, "Non-Political Control in Egypt," *Fortnightly Review* 39 (1883): 26, 29-31. Sir F.J.Goldsmid was a controller of al-Dā'irah al-Sanīyah shortly after the promulgation of the Liquidation Law.

⁴ McCoan, pp. 152-153; Crouchley, *Economic Development*, p. 120.

⁵ al-Hittah, p. 376; Baer, *Land Ownership*, pp. 27-28; Mulhall, p. 528.

⁶ Vivian to Salisbury, 20/6/1878, *Parliamentary Papers, 1878-1879, Egypt 2* (1879), vol. 78, p. 450; Mulhall, p. 528.

⁷ Shafiq, vol. 1, p. 30.

⁸ Supreme decree of October 26, 1878 in Jallād, vol. 1, pp. 359-360 and in *Fihrist al-Awāmir al-'Āliyah 1876-1880*, pp. 54-55. See also decree of January 30, 1879 in Jallād, vol. 1, p. 360 and in *Fihrist al-Awāmir al-'Āliyah 1876-1880*, p. 62. These decrees can also be found in Sarhank, p. 360.

arrangement pending the liquidation of the related loan.⁹ Eventually, however, those lands were converted into state holdings using the rationale that they were originally bought with public money.¹⁰ Each of the two administrations was run separately until the Dā'irah Saniyah was assimilated in the Domain in 1880 under a single administration which then managed an area of almost one million *faddāns* in total, together with its canals, railways, sugar factories, cotton plantations, steam ploughs, etc. In this way,

[t]he whole of the lands which Ismail [sic.] had inherited, purchased, or appropriated, had thus become legally State property, but **in reality they had passed into the hands of two groups of foreign creditors**, the holders of Daira, and the holders of Domain, stock [my emphasis].¹¹

The other measure had to do with the Khedive's executive powers. Addressing those powers, the preliminary report recommended that the Khedive should delegate all responsibility to an independent cabinet (viz. a Council of Ministers) and that his role would be confined to endorsing the cabinet's decisions. Ismā'īl gave in to this demand. On August 28, 1878, Ismā'īl issued a decree to formalize this change (the August Rescript)¹² and followed it by a letter of appointment to Nūbār Pāshā as the first Prime Minister. In this letter, Ismā'īl conceded that the creation of the Council of Ministers was a step within reforms along the European model, and asserted that such a measure was consistent with domestic traditions and was in conformity with Shari'ah. The letter acknowledged that the ministers would be chosen by the Prime Minister, who would chair the Council's deliberations without the Khedive's presence, that the Council's decisions would be taken by simple majority, and that the ministers' responsibility would be joint and several. The principle of delegating

⁹ Decrees reflecting this understanding were issued on November 15, 1879, some four and a half months after the deposition of Ismā'īl. See al-Naqqāsh, vol. 4, pp. 24, 31-32; 'Urābī, vol. 1, pp. 91-92; Jallād, vol. 1, pp. 361-362; *Fihrist al-Awāmir al-'Āliyah 1876-1880*, pp. 117-119. See also Baer, *Land Ownership*, pp. 41-42 cf. Goldsmid, pp. 30-31.

¹⁰ Cromer, vol. 1, pp. 60, 61, 63. Decrees authorizing the conversion of lands into state property sounded this rationale. See decree of June 16, 1880 in Jallād, vol. 1, p. 363 and in *Fihrist al-Awāmir al-'Āliyah 1876-1880*, pp. 258-260.

¹¹ Wallace, p. 347. See also *ibid.*, pp. 327, 345-349.

¹² The background to the 1878 Rescript and to the appointment of Nūbār's cabinet is given in Cromer, pp. 57-61, 63, 69-72; Rivers Wilson, p. 156; Shafiq, vol. 1, p. 32; Sarhank, p. 358; Wifrid Scawen Blunt, *Secret History of the British Occupation of Egypt* (London, 1907), p. 127. See also Schölch, *Egypt for the Egyptians*, pp. 54-60.

authority was further extended by the assertion that public employees would report only to their immediate heads of departments.¹³ Two of the most important portfolios in Nübār's cabinet were given to European ministers who had been members of the Commission of Inquiry: Rivers Wilson became Minister of Finance, and de Blignières became Minister of Public Works.¹⁴ Henceforth, the two cabinets in which Wilson and de Blignières served between August 1878 and April 1879 were referred to as the European cabinets. The presence of those important portfolios in the hands of Europeans had serious power-distribution implications since it came within the noted delegation of powers to the ministers. Hence, according to Wilson, the ministers "acted upon this assumption, and although in constant communication with His Highness each minister conducted the work of his department on more or less independent lines."¹⁵

The transfer of Khedivial executive authority to a cabinet dominated by European ministers and other members of the Commission of Inquiry--Nübār and Rīyād--indicated a decline in the *dhawāt*'s control over their traditional stronghold to the benefit of Europeans. This withdrawal of administrative privilege from a faction of the traditional elites was soon compounded by other policy orientations which threatened the other interests of both the *dhawāt* and the *a'yān*. Furthermore, some aspects of those policies antagonized other domestic groups in Egypt, including the army and even that section of local Europeans who held a portion of Egypt's public debt.¹⁶

¹³ The text of that letter is published in Şubhī and in Sarhank. The two versions are almost identical, except for some minor insignificant differences. See Şubhī, vol. 4, pp. 24-26; Sarhank, pp. 358-359. See also *Fihrist al-Awāmir al-'Āliyah 1876-1880*, pp. 52-53.

¹⁴ *Fihrist al-Awāmir al-'Āliyah 1876-1880*, pp. 45-47. See also Rivers Wilson, pp. 108-109. Note how Salisbury, Britain's Prime Minister at that time, claimed that Britain did not officially or unofficially recommend to the Khedive to appoint Wilson as Minister of Finance, and contrast this to the latter's reports on the intentions of the Commission of Inquiry, of which he was a member. Salisbury to Vivian, 25/4/1879, *Parliamentary Papers, 1878-1879, Egypt 3 (1879)*, vol. 78, p. 3.

¹⁵ Rivers Wilson, p. 179.

¹⁶ A bird's-eye view of the developments between August 1878 and April 1879, including important measures by the cabinet, can be found in *The Times*, 19/4/1879.

(A). Prelude to the Movement: Domestic Opposition, January-April 1879

1. The Traditional Elites

The European administration threatened the economic and political privileges of the traditional elites. First, the cabinet considered fiscal changes which redistributed the burden of taxation in a manner adverse to the interests of large landholders. There were two important elements in the cabinet's package on this issue. Rivers Wilson, as Minister of Finance, contemplated the imposition of a surcharge over the 'ushr tax as a step towards possible equalization of land taxes. At the same time, de Blignières, as Minister of Public Works, sponsored a change in corvée regulations by enforcing a fee on peasants living on the estates of large landholders in exchange for their exemption from public works. The incidence of this fee fell on landlords, who were thus effectively taxed for an agricultural resource which had hitherto been available to them practically free of charge.

In addition to the change in taxation structure, the European cabinet considered ways to treat payments made under the Muqābalah law and under another imposition which was known as the Rūznāmah loan.¹⁷ This was a difficult task, particularly in the case of the Muqābalah, given the privileges conferred on those who had paid it and the amounts paid since 1871, which were estimated to range between £9.5 to £17 million.¹⁸ There were several strong reasons for the cabinet and the Commission to look for ways for abolishing the Muqābalah privileges. On the one hand, experience had proven the difficulty of making collections of the Muqābalah without suffering a corresponding reduction in other agricultural taxes.¹⁹ From this perspective, Muqābalah payments could not be considered pure

¹⁷ The Rūznāmah was a sum originally imposed as a state loan in 1874 and, unlike the Muqābalah, it did not involve tax or property concessions. The cabinet deliberated on payments made under this imposition, and decided that these would not be recognized as a state debt any more. Cromer, vol. 1, pp. 115-116; Schölch, *Egypt for the Egyptians*, pp. 91-92; al-Rāfi'i, *ʿAṣr Ismāʿīl*, vol. 2, p. 43.

¹⁸ The variety of estimates reflect the side with whom different writers sympathized. The lower end (£9.5 million) is Cromer's account based on the findings of the Commission. On the other hand, Blunt and Keay give estimates of £15 and £17 million respectively. A.J. Wilson estimates that "[a]t a moderate guess, some twelve or fourteen millions sterling has, after this fashion, been quietly confiscated in the interests of the fraudulent foreign creditors." See Cromer, p. 120 cf. Blunt, pp. 44-45; A.J. Wilson, "The Eleventh Plague of Egypt," *Fortnightly Review* 38 (1882): 662-663; Keay, pp. 765-766.

¹⁹ *The Times*, 28/4/1879. It is reported that in four districts taken randomly, only £750 of the land tax, assessed at £1,500, was collected. At the same time, £1,430 was collected under Muqābalah.

additions to revenues. There was also the consideration of the adverse long term impact of tax concessions conferred under this law, which would have caused a permanent reduction in public revenues. From the perspective of the treasury, therefore, the abolition of the Muqābalah was necessary in order to save "a purely agricultural state from the ruinous necessity of fixing for all time its land-tax at an abnormally low rate."²⁰ From the perspective of the traditional elites, however, the abolition meant the loss of those payments and of ownership and tax privileges that had been gained, a virtual loss of "both their wealth and their land."²¹

The withdrawal of material benefits from the traditional elites was compounded with the gradual elimination of their control over different institutions of the state to the extent that "the whole official order, the ruling native class in Egypt, were affronted by the undisguised transfer of power to the Europeans."²² Europeans dominated senior posts in key Government departments. According to 'Urābī, these included the Customs Authority, Alexandria Port Authority, Railways, Telegrams, al-Dā'irah al-Saniyah, the Domain, the Caisse de la Dette, the Land Survey Authority, "and other such authorities," each of which "was virtually an independent government."²³ For example, Blum was Undersecretary of the Ministry of Finance, Paravelli General Controller of Accounts, Fitzgerald Director of Government Accounts, and Auckland Colvin Director General for Land Survey Authority (Maṣlaḥat al-Misāḥa).²⁴ Most of these departments belonged to one of the two ministries headed by the European Ministers, Finance and Public Works. This may have given further grounds for the suspicion of "shameless nepotism,"²⁵ which Ismā'il mentioned in an interview with *The Times* as one of the causes of national resentment.

The establishment of European control over key executive bodies of the state was followed by steps to control legislative functions. This started by a decree issued on

²⁰ *The Times*, 5/5/1879.

²¹ A.J.Wilson, "The Eleventh Plague," pp. 662-663.

²² *The Times*, 12/5/1879.

²³ 'Urābī, vol. 1, p. 44. See also Sarhank, p. 360; 'Isā, pp. 173-174; *The Times*, 12/5/1879; W.H.Russell, "Why Did We Depose Ismail?" *Contemporary Review* 48 (1885): 309.

²⁴ al-Rāfi'i, *'Aṣr Ismā'il*, vol. 2, p. 168. See also Vivian to Salisbury, 15/2/1879, *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, p. 45 regarding the appointment of Colvin.

²⁵ *The Times*, 28/4/1879.

January 7th, 1879, which vested in the Commission of Inquiry the responsibility of preparing a revised code of fiscal and administrative affairs that would be used as a basis for tax and administrative legislation.²⁶ Earlier, the enactment of laws had been done by Ismā'il, following consultation with a Privy Council dominated by the *dhawāt*²⁷ and--if summoned--with Majlis al-Nūwāb. Seen from the perspective of the August 1878 Rescript, the January 7th decree was consistent with the trend of contracting the Khedive's domain as an absolute ruler. However, the vesting of this function in another European-dominated body which closely cooperated with and had members from the Council of Ministers (Wilson, de Blignières, Riyāḍ and Nūbār), demonstrated that an interlocked network of European-dominated institutions was gradually taking over the state. Even Nūbār Pāshā could not comfortably entertain this step. As Vivian, the British Consul General, testified, Nūbār, "being strongly opposed to the creation of a Foreign Legislative Body in Egypt, has only yielded in this instance very reluctantly to the opinions of his European colleagues."²⁸ The traditional elites were bound to react against that trend. For the *dhawāt*-dominated Privy Council, this was a further curtailment of a role traditionally played by one of their institutions. For the *a'yān*, even though Majlis al-Nūwāb, dominated by the *a'yān*, had only a consultative function until that time, the said measure would have aborted parliamentary tendencies expressed since 1876. Both the *dhawāt* and *a'yān* may have seen in the weakening position of the Khedive opportunities to expand their role in state control, rather than vice versa.

Concomitantly, the cabinet decided in February 1879 to dismiss the majority of army officers and troops from active service.²⁹ This decision was the direct cause

²⁶ Vivian to Salisbury, 10/1/1879, *Parliamentary Papers, 1878-1879, Egypt 5* (1879), vol. 78, p. 33. There is also an allusion to this decree in Schölch, *Egypt for the Egyptians*, pp. 83-84 and al-Rāfi'i, *'Aṣr Ismā'il*, vol. 2, pp. 167-168.

²⁷ al-Rāfi'i, *'Aṣr Ismā'il*, vol. 2, pp. 236-237. No Council of Ministers existed before the August 28th Rescript. The Privy Council was made of the ministers who headed nine government departments (of Interior, Foreign Affairs, Finance, etc.) in addition to pashas selected by the Khedive. The Privy Council was presided over by the Khedive. It looked into public affairs and issued laws and decrees under his directives.

²⁸ Vivian to Salisbury, 10/1/1879, *Parliamentary Papers, 1878-1879, Egypt 5* (1879), vol. 78, p. 33.

²⁹ There are differences in the specific numbers who were to be placed on half-pay. Sarhank gives no specific numbers. al-Rāfi'i states these were 2,500 officers. Schölch, however, says that the whole army force at that time was 90,479 soldiers and 2,609 officers, and the decision was to reduce it to 36,427 soldiers and 993 officers, a reduction to some 40% of the existing force. See Schölch, *Egypt for the Egyptians*, p. 62; al-Rāfi'i, *'Aṣr Ismā'il*, vol. 2, p. 170; Sarhank, p. 360.

of the officers' protest of February 18th. Although this is usually presented as a decision based on fiscal premises, it seems that there was also a political dimension to it. General Stone claimed that the aim of the European cabinet was "to destroy the army and thus take power out of the hands of the Khedive."³⁰ It is also suggested that the cabinet decided to reduce the strength and size of the army because it realized that the army "can in future be an increasing element of danger against foreign influence."³¹ Moreover, certain parts in Cromer's comments on the officers' protest may be similarly interpreted as predictions of possible potential alliances between the Khedive and the army against European administration.³² Undoubtedly, the decision to reduce the number of officers had its financial premises and implications. However, since the army was an institution where both *dhawāt* and *a'yān* were strongly represented in the higher ranks, there are legitimate grounds for suggesting that it had the political aim of "the reduction of the army to a police force of 7,000 men."³³

The conflict between the traditional elites and the European administration erupted into confrontations against the Council of Ministers (viz. the European cabinet) through Majlis al-Nūwāb between January and March 1879. In January, the Council called the Majlis to session for consultation on the contemplated surcharge on the *'ushr* tax.³⁴ Ironically, this step helped in organizing protest inside the Majlis against the Council. Cromer, who was then a member of the Commission of Inquiry, predicted the opposition of the Majlis to the proposed surcharge since *'ushūriyah* holders were strongly represented in it.³⁵ However, since the Majlis had no legislative authority and was summoned only for purposes of consultation as per its Regulatory Code, calling it to session may have appeared to the cabinet as an unriskey procedural step in spite of the potential conflict of interests. The parliamentary session opened on January 2nd with a brief throne-speech by Ismā'īl.

³⁰ This statement is quoted in Schölch, *Egypt for the Egyptians*, p. 62, citing private letter of 7 September, 1882 from F.J.Cox, "Arabi and Stone," *Cahiers d'Histoire Egyptienne*, vol. 8 (1956), p. 163.

³¹ Ramadan, "Social Significance," p. 191.

³² Cromer, vol. 1, pp. 79-81.

³³ Schölch, *Egypt for the Egyptians*, p. 62.

³⁴ Vivian to Salisbury, 3/1/1879, *Parliamentary Papers, 1878-1879, Egypt 5* (1879), vol. 78, pp. 29-30.

³⁵ Cromer, vol. 1, pp. 68-69. Vivian made the same prediction on the grounds that the proposed measure "falls especially upon the richer class of proprietor." Vivian to Salisbury, 11/1/1879, *Parliamentary Papers, 1878-1879, Egypt 5* (1879), vol. 78, pp. 35-36.

The Majlis responded by a statement which commenced with the self-assertive expression "We[,] the delegates of the Nation (al-Ummah) and her deputies, the defenders of her rights, the pursuers of her interests."³⁶ This response to the speech from the throne demonstrated an aspiration for acquiring a role that went beyond the stipulated consultative function. Furthermore, it revealed the delegates' perception of their relation with the Council of Ministers, which, the response suggested, "was made responsible to the Nation[,] in support to Majlis al-Nūwāb, and as a complementary [institution] to it."³⁷ The summoning of the Majlis was interpreted accordingly.

This is why when His Highness wished the Ministers to look into matters of finances[,] of public works[,] and of internal affairs, the delegates of the Nation were summoned to **deliberate** with the Ministers on these matters, in order to safeguard the rights of the subjects and the interests of the government [my emphasis].³⁸

The use of the vague term "to deliberate" instead of "to advise" or "to be consulted" is significant, as much as the suggestion that the Council of Ministers was made "in support" to the Majlis and as an institution "complementary" to it. Capitalizing on the institutional change obtained by the creation of an independent Council of Ministers, the delegates aspired to a parallel change in the authority of the Majlis. They demanded this implicitly by expressing notions in their statement which did not strictly conform to the existing body of regulatory codes. These codes, as the delegates' tendencies manifested, were by then rendered obsolete by the developments which had taken away from the Khedive his status as absolute ruler.

³⁶ The full text of that response is printed in al-Rāfi'ī, *ʿAṣr Ismāʿīl*, vol. 2, pp. 160-161. Brief excerpts are used in Schölch, *Egypt for the Egyptians*, pp. 79-80. The quotations made here are my translation of the Arabic text as it appears in al-Rāfi'ī. Schölch contains a slightly different translation for this statement, where the Arabic term "nūwābuhā" is translated as "representatives" instead of "deputies."

³⁷ My translation of the Arabic text as it appears in al-Rāfi'ī, *ʿAṣr Ismāʿīl*, vol. 2, pp. 160-161. The translation in Schölch includes the first part of this statement only. The perception of the Council as an institution created to support and complement the Majlis is excluded. See Schölch, *Egypt for the Egyptians*, pp. 79-80.

³⁸ My translation of the Arabic text as it appears in al-Rāfi'ī, *ʿAṣr Ismāʿīl*, vol. 2, pp. 160-161. This part of the response is totally ignored by Schölch. See Schölch, *Egypt for the Egyptians*, pp. 79-80.

The Majlis then went into a broad confrontation with the cabinet on the issues of the withdrawal of corvée privileges and the imposition of an annual surcharge over the 'ushr as a step towards tax equalization.³⁹ In spite of the Majlis's opposition, a decree stipulating changes in corvée regulations was issued on February 9th.⁴⁰ Discussion of fiscal matters then developed into a full review of taxation policies and demands for a comprehensive tax reform.⁴¹ The delegates were not talking in a political vacuum. Delegations had been arriving from the countryside expressing the necessity of revising taxation practices. Furthermore, there were demands in the Arabic newspapers at that time for tax-relief policies. *al-Ahrām* found that a policy of excessive taxation was self-defeating since it threatened the viability of various economic activities and consequently diminished total tax collections.⁴² Interestingly, a particular case was made here to defend industrial enterprises, "which are being overburdened with taxes to the extent that their owners prefer to abandon them rather than to continue operating them for the benefit of others[,] without earning any remuneration in return."⁴³ Within this context, the delegates made their case for a comprehensive tax reform, demanding the abolition of certain taxes, the reduction of others, and the revision of certain regulations related to tax collection.⁴⁴ As Alexander Schölch observes, the issues raised by different delegates were specific to their own constituencies, thus presenting themselves as "worthy spokesmen of the immediate interests of the people they represented."⁴⁵ The principle of representation, vitally important in supporting demands for an enhanced role--viz. legislative instead of consultative--was thus demonstrated.

³⁹ The deliberations of those sessions can be found in *al-Waḳā'i' al-Miṣriyah*, January and February 1879. See also the summary in Schölch, *Egypt for the Egyptians*, p. 81. al-Rāfi'i's detailed coverage of that session does not include this issue.

⁴⁰ *Fihrist al-Awāmir al-'Āliyah 1876-1880*, pp. 63-65; Vivian to Salisbury, 15/2/1879 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, p. 47; Schölch, *Egypt for the Egyptians*, p. 81.

⁴¹ Schölch, *Egypt for the Egyptians*, pp. 82-83; al-Rāfi'i, *'Aṣr Ismā'il*, vol. 2, pp. 163-164; Ḥāmid, *al-Mu'araḍah al-Waṭaniyah*, p. 53.

⁴² *al-Ahrām*, 31/1/1879.

⁴³ *Ibid.*, 31/1/1879.

⁴⁴ For more details, see Schölch, *Egypt for the Egyptians*, pp. 82-83. See also Ḥāmid, *al-Mu'araḍah al-Waṭaniyah*, p. 53.

⁴⁵ Schölch, *Egypt for the Egyptians*, p. 82. It must be immediately added that Schölch viewed the opposition demonstrated in the Majlis during that period cynically, and interpreted it to be the outcome of instigation (perhaps even being used as a ploy) by Ismā'il. It is very possible, therefore, that this statement was made by Schölch as an expression of this cynicism, rather than an observation on the way the delegates genuinely presented themselves.

The confrontation extended to a debate over the decree of January 7th which had empowered the Commission of Inquiry with the preparation of a basic fiscal and administrative code. In its session of 10 Šafar 1296 (February 2nd or 3rd, 1879) the Majlis adopted a memorandum submitted by two of its members, ‘Abd al-Salām al-Mūwailihī and Maḥmūd al-‘Aṭṭār, protesting against this decree on two grounds.⁴⁶ First, that it was enacted without prior consultation with the Majlis. Second, that the Majlis was excluded from the process stipulated in that decree. All matters related to the collection of monies and the levying of taxes, the memorandum argued, fell only on the people. Such matters, therefore, must be discussed and willingly accepted by the people through their delegates before they become enacted as law.⁴⁷ The protest, thus, was laying the principle that all what impacts on the people should be first considered and approved by the Majlis. The memorandum went a step further in asserting the delegates’ aspirations. It had always been the practice, the memorandum explained, that the most important matters were presented to the Majlis before they were enacted into law, and the position of the Majlis on such issues was always respected. This, the memorandum continued, was the case before the creation of an independent Council of Ministers, “established on the principles of freedom.”⁴⁸ If this was the customary practice earlier, “how would those rights be lost in a period when the Nation (al-Ummah) is aspiring to obtain its full freedom and its complete rights [?!].”⁴⁹ In this way, the memorandum almost explicitly demanded that the creation of an independent Council of Ministers must be paralleled by a similar expansion in the power of the Majlis. Since the Majlis had been previously respected as an advisory body, obtaining “full freedom and complete rights” entailed expanding its authority to become a legislative body. The position of the Majlis was duly hailed by *al-Tijārah*,⁵⁰ a liberal constitutionalist

⁴⁶ This episode is covered in some detail by al-Rāfi‘ī, where the full text of the statement is also given. Schölch discusses it cynically and in a briefer manner. Going through the volume of Parliamentary Papers relevant to this period [session 1878-79, Egypt 5 (1879), vol. 78], I did not find any reference to it in Vivian’s Consular reports between February 3 and the report on the officers’ protest dated February 19 (pp. 41-48). See al-Rāfi‘ī, *‘Aṣr Ismā‘īl*, vol. 2, pp. 164-167; Schölch, *Egypt for the Egyptians*, pp. 83-84. See also Ḥamid, *al-Mu‘āraḍah al-Waṭāniyah*, p. 53.

⁴⁷ Based on the text of the memorandum as it appears in al-Rāfi‘ī, *‘Aṣr Ismā‘īl*, vol. 2, pp. 164-165.

⁴⁸ My translation of the text as it appears in *ibid.*, pp. 164-165.

⁴⁹ *Ibid.*, pp. 164-165.

⁵⁰ al-Rāfi‘ī, *‘Aṣr Ismā‘īl*, vol. 2, p. 165, quoting *al-Tijārah*, 3/2/1879.

paper owned by Salīm al-Naqqāsh and edited by Adīb Ishāq, both of whom later became among the leading thinkers of the early phases of the 'Urābī movement.

When the Council tried to end the parliamentary session abruptly, the Majlis moved into a full fledged confrontation. On March 19th, 49 out of the 75 members of the Majlis signed a memorandum which registered their complaint against Rivers Wilson's abstention from appearing before them in person for discussion of the cabinet's fiscal plans.⁵¹ In response, the Council of Ministers issued a decision to end the Majlis's session on the pretext that its term had expired. Rīyāḍ Pasha, Minister of Interior, was sent to break the news to the delegates.⁵² Rīyāḍ met with the Majlis on March 27th, and a confrontation resulted.

The Assembly refused to dissolve and found a spokesman in a notable whose name deserves record - Abdul Salem Mouehli [sic.] His colleagues supported him as unanimously as the notables in the tennis court at Versailles did Mirabeau on a more famous occasion. The Egyptian Parliament consequently continues its sittings, and now contends that all Ministries [sic.], whether foreign or native, should be dependent on its will and responsible to it for their conduct of affairs. They propose, in fact, to convert the present sham of responsible government into a reality [my emphasis].⁵³

To press the issue further, the delegates waved the card of popular protest, suggesting that there may be such reactions should they return to their constituencies without satisfactory responses. Staging a further offense against Rīyāḍ as Minister of Interior, they raised the issue of directives he had recently communicated in person to owners of newspapers, in which he had asked them to

⁵¹ Şubḥī, vol. 4, p. 27; al-Rāfi'i, 'Aşr Ismā'il, vol. 2, p. 177; 'Isā, pp. 355-356; Ḥamid, al-Mu'araḡah al-Waṭaniyah, p. 53.

⁵² Şubḥī, vol. 4, pp. 27-28.

⁵³ The Times, 16/4/1879. Quoted also in Theodore Rothstein, *Egypt's Ruin: a Financial and Administrative Record* (London, 1910), pp. 83-84. The complete proceedings of this session can be found in Şubḥī, vol. 4, pp. 28-32. Şubḥī notes that the proceedings written in the parliamentary records are different from those that appeared in some newspapers, and on which historians had usually relied. This session is covered in some detail by al-Rāfi'i. It is also discussed by 'Isā and by Schölch, but without any significant addition to the previous works. See al-Rāfi'i, 'Aşr Ismā'il, vol. 2, pp. 178-180; Schölch, *Egypt for the Egyptians*, pp. 86-87; 'Isā, pp. 355-356. See also the foreword to 'Urābī's memoirs by Muḥammad Şabī.

avoid discussing matters related to Majlis al-Nūwāb and to foreigners.⁵⁴ By pushing the encounter to this point, the delegates were trying to make an argument that the positions of both Wilson and Riyāḍ reflected a general policy by the Council of Minister to confine the Majlis's space of action. Two days after this confrontation, all delegates present in Cairo signed a petition which registered their grievances against the Council, and submitted it to the Khedive with the proceedings of the session of March 27th as an attachment.⁵⁵ This was the final step before the traditional elites conducted a quick and organized movement on a nationalist platform, offered a plan for political reorganization and debt settlement, and succeeded in ousting the European cabinet. In staging this movement, the traditional elites capitalized on a mood of resentment against the European administration which extended among the public at large, including a section of the local European community who held part of Egypt's public debt.

2. Local European Creditors

Not only have the traditional elites been antagonized by the existence and policies of the European cabinet, but so did a segment of resident Europeans as well. At that time, an important part of Egypt's public debt originated from amounts overdue to various local parties, including suppliers, contractors, government employees and pensioners. As clear from the description, these were not amounts originally intended as loans, but became so by default. These amounts became collectively known as the Floating Debt. By early 1879, the Floating Debt was estimated at LE 5.4 million. Of this, some LE 1.5 million were arrears in salaries and pensions, presumably due to Egyptians. The balance, LE 3.9 million, originated from commercial transactions and was due to numerous parties from the local European community.⁵⁶ In proportion to the total loans, the amount of the Floating Debt was extremely minor (see Appendix I). However, this was a major concern for the government because many of the parties in this group of creditors had filed claims in the Mixed Courts and obtained a ruling in their favour in the court of first

⁵⁴ Ṣubḥī, vol. 4, pp. 28-32; al-Rāfi'i, 'Aṣr Ismā'īl, vol. 2, pp. 178-180; 'Isā, pp. 355-356.

⁵⁵ Ṣubḥī, vol. 4, pp. 27-28; al-Rāfi'i, 'Aṣr Ismā'īl, vol. 2, p. 180; 'Isā, pp. 355-356.

⁵⁶ These were the estimates made by Rivers Wilson in his draft financial plan and accepted in the counter-plan submitted by the traditional elites in early April. See "al-Lā'ihah al-Waṭaniyah," in Jallād, vol. 2, p. 174; also in Lascelles to Salisbury, 7/4/1879 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, p. 100. Wilson's estimates and a breakdown of the components of that debt up to the end of 1879 as well as the repaid amounts can also be found in al-Naqqāsh, vol. 4, pp. 30-31 and vol. 6, p. 196.

instance.⁵⁷ Those parties, who became known henceforth as judgment creditors, pressed for the execution of their judgments, and some solicited diplomatic pressure on the cabinet in support of their case.⁵⁸ By early 1879, the mood of local European creditors deteriorated as they anticipated the Commission's final report, which was by that time "an open secret discussed throughout Cairo and Alexandria."⁵⁹ Judgment creditors feared that they may be offered settlement on a long-term and low interest basis, and started demonstrating their interests as a domestic group through various protests and pressures against the Commission of Inquiry and the cabinet. A clash soon developed. Wilson refused to meet with the Floating Debt creditors, a matter which "caused great anxiety and irritation among certain classes of creditors of the Egyptian Government, who are up in arms against the Ministry."⁶⁰ There were news of an intended demonstration which, the British Consul General feared, "with a turbulent European element, might not improbably lead to disorder."⁶¹ On March 23rd, the creditors met in Alexandria and, in a clear challenge to the Commission's imminent report, they resolved that Egypt had ample revenues to meet the debt.⁶² This was only a few days away from the open confrontation between the Majlis and Riyāḍ in the session of March 27th and the subsequent petition by the deputies against the Council of Ministers.

3. The Army

A third source of protest came from the army, when a few hundred officers and two thousand soldiers demonstrated on February 18 demanding full payment of their arrears after the cabinet's decision to reduce the number of officers and troops on active service.⁶³ This took place around and inside the Ministry of Finance, and a

⁵⁷ I could not reach any conclusion as to whether all those who had claims of commercial origins that were recognized as part of the Floating Debt got such recognition only after obtaining a court judgment verifying their claim. If this was the case, it would mean that all claimants of the LE 3.9 million were judgment creditors by definition.

⁵⁸ For some examples, see Vivian to Salisbury, 26/12/1878 and 3/3/1879, and General Menbrea to Salisbury, 3/4/1879, *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 28, 69, 89.

⁵⁹ *The Times*, 10/4/1879.

⁶⁰ Vivian to Salisbury, 15/3/1879, *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 78.

⁶¹ Vivian to Salisbury, 15/3/1879, in *ibid.*, vol. 78, p. 78.

⁶² *The Times*, 24/3/1879.

⁶³ There are various descriptions for the events of this demonstration. See, for example, Sāmī, vol. 3 pt. 3, pp. 1552-1556, 1569 which is partly based on the accounts of Rivers Wilson and of *al-Waqā'i' al-Miṣriyah*; Sarhank, p. 361; Cromer, vol. 1, pp. 75-76. For an analysis of the accounts in various primary

number of members of Majlis al-Nūwāb participated in it.⁶⁴ At the time of this demonstration, salary arrears in the army had reached the point where "many of them were reduced to poverty and had to stretch their hands out in begging[.] until people spoke of them as an example of pressing need."⁶⁵ It appears that it was still possible to alleviate material needs, at least partly, as long as the officers had some access to credit, but this was conditional on continuing on the payroll.⁶⁶ Consequently, those officers who were placed on half-pay had their credit facilities severed, and there was a further deterioration in their living conditions. A report in *The Nation* mentioned that in a major town in Lower Egypt, Kafr al-Zayyāt, officers' families were turned into the streets, and shelter and food were denied to them.⁶⁷ The immediate outcome of the officers' demonstration was the downfall of Nūbār as Prime Minister. Ironically, it also led to a declaration on the 9th of March, which explicitly vested special executive powers in the hands of the European Ministers, following insistence by the French and British Governments that the two Ministers "shall possess an absolute right of veto over any proposed measure."⁶⁸ Crown Prince Tawfiq was appointed Prime Minister in Nūbār's position, and a new cabinet took office on March 22nd with Wilson and de Blignières retaining their portfolios over Finance and Public Works respectively.

4. The Commoners

Finally, even the commoners were aggravated by the European administration in various ways. Government employees were exposed to layoffs and/or payment arrears. In March 1879, an editorial in *al-Ahrām* complained that "employees, soldiers, officers, and others who were dismissed from their jobs are starving of hunger and dying of cold[.] and some have taken up begging to feed themselves."⁶⁹

sources, see al-Rafi'i, *'Aṣr Ismā'il*, vol. 2, pp. 170-173; Sālim, pp. 107-109; Schölch, *Egypt for the Egyptians*, pp. 65-69.

⁶⁴ Some sources say that there were three members of parliament participating in the demonstration, and others say there were four. See al-Rafi'i, *'Aṣr Ismā'il*, vol. 2, p. 171 cf. Ṭahā, p. 20.

⁶⁵ Sarhank, p. 361.

⁶⁶ Sahib-el-Hagg, "Egypt: 1. - Cairo in April, 1882," *MacMillan's Magazine* 46 (1882): 166.

⁶⁷ *The Nation*, 20/3/1879.

⁶⁸ Salisbury to Vivian, 8/3/1879, *Parliamentary Papers, 1878-1879, Egypt* 5 (1879), vol. 78, p. 74. For details of this episode, see the correspondence from 24/2 to 10/3, in *ibid.*, vol. 78, pp. 58-76. The declaration of March 9 is also covered in Ṣubḥī, vol. 4, p. 27; al-Rafi'i, *'Aṣr Ismā'il*, vol. 2, p. 175; Schölch, *Egypt for the Egyptians*, p. 71. See also *The Times*, 28/6/1879.

⁶⁹ *al-Ahrām*, 20/3/1879.

While this was happening, "foreign officials in the Egyptian Government concurrently brought relatives and friends from their own countries[,] and created for them highly-paid jobs, even if it meant expelling many of the national employees."⁷⁰ Even if jobs taken by those officials were at more senior ranks, the displacement and income redistribution implications of their recruitment could not be ignored by the dismissed employees.

In the countryside, there was a severe deterioration in living conditions during the first quarter of 1879. This is depicted in the following excerpt from *The Times*.

The people, deprived of their ordinary food, have striven to support themselves by eating green weeds, the refuse of sugar cane, and any garbage on which they could lay their hands. One of the Commissioners told me that he saw a boy picking like a sparrow the grains from among the dung of animals. Many escaped actual starvation only to die of the diseases which starvation engendered.⁷¹

Part of this deterioration was the result of government pressure for taxes. Vivian, the British Consul General, complained that "taxes, too, are coming in very slowly, in spite of pressure."⁷² Usual practices to coerce payment, including the use of the whip,⁷³ were applied. The ability to pay, however, seems to have deteriorated sharply by that time, possibly because of the impact of natural catastrophes (unusual flood in 1878 followed by drought in 1879). The situation in Upper Egypt was particularly alarming. Dr. Baird, the Famine Commissioner, told *The Times* in March 1879 that the death toll in three towns alone (Jirjā, Isnā, and Qīnā) was at least ten thousand.⁷⁴ Scenes from a famine in Asyūt were described at length in a Correspondent's report written in February.⁷⁵ Although it could not be claimed that tax extortion started under the European administration,⁷⁶ the perpetuation of such

⁷⁰ Sarhank, p. 360.

⁷¹ *The Times*, 8/4/1879. See also *ibid.*, 13/3 and 26/3/1879 and *al-Ahrām*, 31/1 and 6/3/1879.

⁷² Vivian to Salisbury, 11/1/1879, *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, p. 35.

⁷³ *The Times*, 13/3/1879. See also Blunt, *Secret History*, pp. 43-44

⁷⁴ *The Times*, 8/4/1879.

⁷⁵ *Ibid.*, 26/3/1879.

⁷⁶ *al-Ahrām* counted several aspects of arbitrary taxation: first, taxation laws were not compiled in an exclusive official statement; second, the basis of imposing taxes was unclear, to the extent that "no one could explain either why and on the basis of which law was a certain tax due for payment, or know specifically how it was calculated;" third, many taxes were collected on the basis of a supreme

practices in spite of prevailing famine and hardship provoked reactions on wider fronts. In early January, Vivian was alarmed that "[t]here is a certain amount of fermentation in the country, as evidenced by the arrival of large deputations of Sheikhs [sic.] from the provinces, to protest against any pressure for the payment of taxes at this moment."⁷⁷ By late February, The situation developed from the general detection of "a certain amount of fermentation" to more specific demonstrations of resentment. At that time, Vivian reported, in an apparently concurring tone, Ismā'il's statement to him that Upper Egypt was in a state of "serious and growing discontent" and that there was a general disorganization of authority throughout the country.⁷⁸

The resentment against tax extortion was compounded by the tax privileges enjoyed by Europeans, whether in the countryside or in urban commercial centres. Foreigners had been liable for taxes on agricultural land only, but even this they managed to evade under various legal privileges.⁷⁹ Apart from that tax, they were exempt from a broad variety of taxes, which included personal taxes as well as taxes on property and on various economic activities (ex. on handicrafts, gardens, construction land, and residences).⁸⁰ The income distribution impact of tax discrimination was aggravated by the fact that many of the activities owned by foreigners were of a higher production capacity, and possibly of higher profitability, than those of nationals. This itself may have at least partly resulted from the opportunities of improvement and expansion which tax exemption had made possible. *al-Ahrām* made the following comparison between national and foreign-owned enterprises,

You may see in Cairo or Alexandria or other commercial cities of Egypt two adjacent stores containing identical merchandise[,] one

order [rather than a regular law], and occasionally without even the existence of such an order. Most of these practices had long preceded the establishment of European control. *al-Ahrām*, summarizing *Le Débat* 6/3/1879. See also "Egypt on the Eve of the English Invasion," *Scottish Review* 9 (1887): 144; Wallace, pp. 414, 474-475; Stuart, "Reports," in *Parliamentary Papers*, pp. 156, 157, 161, 176; al-Rāfi'i, *ʿAṣr Ismā'il*, vol. 2, pp. 260-264.

⁷⁷ Vivian to Salisbury, 11/1/1879, *Parliamentary Papers, 1878-1879, Egypt* 5 (1879), vol. 78, p. 35.

⁷⁸ Vivian to Salisbury, 20/2/1879, in *ibid.*, vol. 78, pp. 50-52.

⁷⁹ *al-Ahrām*, 6/3/1879.

⁸⁰ Hence, Keay's argument that European control allowed foreigners to enjoy tax exemptions while shifting to the population the full burden, using part of the taxes thus collected to fund high salaries of European officials. See Keay, pp. 765-766; *al-Ahrām*, 6/3/1879.

of them belonging to a national and the other to a foreigner[.] The first would be paying exorbitant charges and the other not a single darhim. If you walk across the capital you would find some sixty new steam engines[.] each of which have the capacity to produce in a matter of hours what would take days from the old steam engines owned by nationals[.] In spite of this[.] the latter pay taxes which the former could not possibly endure.⁸¹

Discriminatory taxation thus constrained the ability of enterprises owned by nationals in comparison to foreign enterprises, and a vicious circle thus resulted. The bitterness of the situation was strongly felt at that time due to the growing trend of selling property and enterprises to foreigners under the pressures of taxation, and the subsequent prosperity of the sold enterprises in the hands of foreigners when they operated them tax-free.⁸² This bitterness was captured by an anonymous eyewitness of that period, who described that towards the end of Ismā'il's rule, people's temper was "clamouring against the unequal distribution of wealth" which was enhanced by foreign privileges.⁸³ The widespread economic privileges enjoyed by Europeans in their private enterprises, the discriminatory effect this had on national enterprise, and the consequent transfer of personal wealth to foreigners were, on the private economic level, the counterpart to the increasing European control over public finances and administration. This was fertile ground for waging protests on a national platform in general, and of giving such protests an economic dimension in particular.

The situation developed into an attitude of public hatred for Europeans, particularly given the feeling that a high percentage of revenues that were exacted through severe taxation went to Europeans as interest on loans.⁸⁴ Fears of this hatred transpired over and over again in consular reports, particularly those written in the week after the officers' protest.⁸⁵ Popular resentment eventually spread a condition of public disorder. Although the European Ministers were given wider powers

⁸¹ *al-Ahrām*, 6/3/1879.

⁸² *Ibid.*, 6/3/1879.

⁸³ "Egypt on the eve of the English Invasion," p. 143.

⁸⁴ Vivian to Salisbury, 19/2 to 22/2/1879, *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 48-55; *The Times*, 10/3, 31/3 and 19/4/1879.

⁸⁵ Commenting on measures contemplated by the Foreign Office to send a ship-of-war to Alexandria, Vivian advised that although such a measure would be reassuring, "[a]nything, however, bearing the appearance of a foreign demonstration at this moment would, I think, be imprudent." Vivian to Salisbury, 21/2/1879, *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, p. 52.

inside the cabinet in the aftermath of February 18th, their control over the administration did not secure to them control over the country. By the end of February, the Correspondent of *The Times* detected that things were getting out of control, and asserted that "anomalies are very difficult to work, and the present Egyptian administration is an anomaly."⁸⁶ Within this situation of disorder, Ismā'īl himself was potentially targeted, as countryside demonstrators' directed their anger against him, as well as against the creditors, and the administration.⁸⁷ Eventually, popular stirrings and the general loss of control reached a point described in the following excerpt from *The Times* report written on March 22nd.

[T]he European population of Cairo lived in daily dread of a real rising of the people. There have been meetings of the Ulema ...; there have been gatherings of the Egyptian notables; the disbanded officers continue to act in concert. Deputations have waited on the Khedive to demand a greater share for Egyptians in the administration of the country and to insist on the payment of arrears. European visitors of the mosques have been insulted, and now all are closed save to a consular order [At one time] the Viceregal palace was expected to be attacked; another time the citadel of Cairo was said to be in danger, and once apprehension went so far as to prevent the European Ministers from leaving their houses to go to their offices. Meanwhile all real work is at a standstill; judicial, educational, and economical reforms are suspended, and daily administrative business is in confusion. One instance out of many will suffice.⁸⁸

By late March, therefore, the situation was ripe for a movement against the European administration. A chain of quick events followed, culminating in the coalescence into a common movement where the *a'yān*, '*ulama*', army officers and religious dignitaries emerged as spokesmen of the nation. Interestingly, we also find in the forefront of this movement a group of predominantly non-Egyptian origins, the *dhawāt*, joining forces under the slogan "Egypt for the Egyptians."

⁸⁶ *The Times*, 3/3/1879.

⁸⁷ *Ibid.*, 31/3/1879.

⁸⁸ *Ibid.*, 31/3/1879.

(B) The National Assembly and "al-Lā'ihah al-Waṭaniyyah" (April 1879)

1. Mobilization of the National Assembly

By late March, the general restlessness and anticipation developed into an organized movement against the European cabinet. Given the context, the traditional elites moved quickly to preempt the imminent final report of the Commission of Inquiry, which was anticipated to lay the grounds for a new fiscal and administrative order. Under these circumstances, the move had to involve some vision for an alternative financial plan. The movement culminated in the convention of a Jam'iyah Waṭaniyyah (National Assembly) on April 2nd, and the elaboration of a document which included a financial counter-plan and a set of constitutional demands and which became known as "al-Lā'ihah al-Waṭaniyyah." This document--which is discussed in more detail in the subsequent section--was signed by the various participants in the National Assembly the day it convened, and was delivered to the Khedive on the same day.⁸⁹

The movement against the European administration involved the mobilization and coalescence of various social groups and political powers, a characteristic which was manifested in the central role played in it by two figures, Ismā'il Pāshā Rāghib and al-Shaykh al-Bakrī. Rāghib was an established figure in the state administrative machinery, who came from Greek origins, and who had held various portfolios in finance and served as President of the first Majlis Shūrā al-Nūwāb in 1866.⁹⁰ al-Bakrī, whose role was particularly highlighted in the British Consular reports,⁹¹ is

⁸⁹ The convention of a national assembly, its elaboration of "al-Lā'ihah al-Waṭaniyyah," and the consequent appointment of Sharif Pāshā's cabinet was reported in *al-Waḳā'i' al-Miṣriyyah*, 14/3/1879. See also Subḥī, vol. 4, p. 32; al-Rāfi'i, *ʿAṣr Ismā'il*, vol. 2, pp. 182, 186; al-Tanāḥī's introduction to ʿAbduh's memoirs in ʿAbduh, p. 50 n. 1; Ḥāmid, *al-Mu'araḳah al-Waṭaniyyah*, pp. 54-55.

⁹⁰ al-Rāfi'i, *ʿAṣr Ismā'il*, vol. 2, pp. 32, 84; McCoan, p. 102; Schölch, *Egypt for the Egyptians*, p. 326 n. 48. *The Times* referred to Rāghib saying "with Cherif Pasha [sic.], he enjoys a singular reputation for honesty in a country where venality has the excuse and cloak of custom." *The Times*, 12/1/1879.

⁹¹ Lascelles' letters to Salisbury of late March and early April are a main source on the mobilization of various social groups at that time. The letters of 1/4 and 4/4/1879 are extensively quoted in Cromer (see note 112), and are paraphrased by al-Ayūbī. See Lascelles to Salisbury, 28/3/1879 to 7/4/1879, *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 85-96; Ilyās al-Ayūbī, *Tārīkh Miṣr fi ʿAhd al-Khidīwī Ismā'il Pasha* (Cairo, 1923), pp. 476-477; Cromer, vol. 1, pp. 98-99.

described in some references as Naqīb al-Ashrāf (head of the prophet's lineage)⁹² and in others as Shaykh Mashāyikh al-Darāwish (chief of *ṣūfī* orders),⁹³ both implying positions of populace religious appeal. In addition to Rāghib and al-Bakrī, there were other figures of eminent status from the ranks of the *a'yān* and of the bureaucracy's elites or the *dhawāt* in the meetings: Sharīf Pāshā, Aḥmad Rashīd Pāshā, Shāhīn Pāshā, and Rātīb Pāshā. Some of the key participants among the *a'yān* were also outspoken members of the parliament, like Muḥammad Rādī, 'Abd al-Salām al-Mūwailīhī, and Ibrāhīm al-Mūwailīhī. Furthermore, the meetings involved army officers, state officials and religious dignitaries.⁹⁴ Thus, mobilization encompassed groups of diverse positions, whether we look to it from the perspective of their place in the state machinery (army, Parliament, Administrative Elites), social influence (*a'yān*, *'ulamā'*, spiritual heads), or ethnic origin (Egyptian stock, Turco-Circassians). For the purpose of a movement, this provides strong ability of mobilization and broad representation. It also confines the common grounds on which those different groups unite to a nationalist platform. The "National Assembly" formula, thus, naturally emerged as the most appropriate framework.

There has been frequent reference in the sources to a National party that existed at that time, and that was made up of Turkish Pashas, *'ulamā'*, the army, the Chamber of Notables (i.e. the Majlis), and the *a'yān* (including both landowners and merchants).⁹⁵ It is sometimes assumed that it was this party which was responsible for the mobilization and issuance of "al-Lā'ihah al-Waṭaniyah." This assumption may have been based on the observation that mobilization against European administration involved an element of persistent and organized provocation of

⁹² Mentioned by al-Ṭanāhī in his introduction to 'Abduh's memoirs. See 'Abduh, p. 50, n. 1.

⁹³ Mikhā'il Shārūbīm, who worked as Turjumān for Ismā'il from 1875, wrote that Ismā'il used to demonstrate great respect to al-Bakrī in the presence of foreign Consuls, describing him as a person who had under his command 70,000 *ṣūfis*. Shārūbīm, vol. 4, pp. 165, 210. Ismā'il repeated the same statement in an interview. See *The Times*, 28/4/1879.

⁹⁴ Subhī, vol. 4, p. 32; *The Times*, 16/4/1879; Schölch, *Egypt for the Egyptians*, pp. 88-89; al-Rāfi'i, *Asr Ismā'il*, vol. 2, p. 186; 'Isā, pp. 357-358; Sālim, p. 127; Hāmid, *al-Mu'araḍah al-Waṭaniyah*, p. 56. There is an apparent printing error in Sālim concerning the date the national assembly convened, where the print says January 1 instead of April 1.

⁹⁵ See for example Lascelles to Salisbury, 23/4/1879, *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, p. 176, where Lascelles refers to the financial plan of the "so-called National Party." See also *The Times*, 26/4, 21/5 and 27/5/1879.

national sentiments against foreigners and of condemnation of those who cooperated with them. British Consular reports and the accounts of European high officials, like Wilson and Cromer, stress the impact of that provocation on the public mood.⁹⁶ Ismā'il seems to have contributed to the assumption that a national party existed. In an interview with *The Times* a week following the dismissal of the European cabinet, Ismā'il claimed that he would respond for the public safety "so long as I am allowed to exercise power through a **national party**" [my emphasis].⁹⁷ However, he immediately justified this by explaining that "opposition to the **national feeling** might succeed either through or without me, but it can be maintained simply by force and oppression" [my emphasis].⁹⁸

The assumption that a National Party existed at that time is not easily reconcilable with the impression one gets from the various accounts on that period. The accounts portray a general image of various social groups whose interests converged at that moment against the European administration, and who accordingly joined forces in a political front bound by some common interests of a tentative nature. There is no evidence that this movement got its organizational framework from a standing political institution, viz. a political party. Until that moment, there was only a national party in the generic sense of the term "party" rather than in the institutional sense of that term.⁹⁹ Henceforth, the term "national party" will be interpreted to refer to the political front that convened in the National Assembly, and that issued, signed and submitted "al-Lā'ihah al-Waṭaniyah" on April 2, 1879.

This movement had a *coup d'état* dimension which was demonstrated in the fact that mobilization for the National Assembly took place outside the existing institutional frameworks. Contacts and meetings involved members of the parliament, but took place outside the parliament as an institution, and were

⁹⁶ See, for example, Lascelles to Salisbury, 1/4 and 4/4/1879, *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 89-90. The intense condemnation reached a point that made some ministers, like 'Alī Mubārak and Rīyāḍ Pāshā, apprehensive about continuing in the Ministry.

⁹⁷ See the resumé of an interview with Ismā'il in *The Times*, 18/4/1879.

⁹⁸ *Ibid.*, 18/4/1879.

⁹⁹ I agree with the analysis of Schölch as far as the absence of a "National Party" is concerned. See Schölch, *Egypt for the Egyptians*, pp. 328-329 n. 64. I differ, however, in interpreting the implications. Schölch takes this among his reasons to discount the existence of a genuine political movement, in agreement with the view that this was all the work of Ismā'il. We differ sharply on this point. The absence of a political party does not in itself constitute evidence that the observed events were not a product of a genuine political movement.

convened in the residences of Rāghib and al-Bakrī.¹⁰⁰ The key movers within it, however, belonged to the traditional elites of the existing social order - state, social, and religious elites. This composition implied the confinement of action within limits that were controllable by the mobilizers, and that challenged only the existing administration but not the entire social order. The report of Lascelles in this respect is very significant. In one of his earlier reports on mobilization, Lascelles reports that he was reassured by Raphael Borg, "whose long residence in the country has placed him in a peculiarly favourable situation for obtaining intelligence"¹⁰¹ that there was no contemplation of any riot. Borg's reasons, as reported, were that

it would not have been in the interests of the persons who took part in the meetings to have excited one [viz. a riot], as, being persons of wealth and position, they would run the risk of incurring heavy loss if a rising of the population occurred, the end of which it would be impossible to foresee, and which would be tolerably sure to be accompanied by general pilage.¹⁰²

Several revelations are borne out in this account. First, the nature of the move as one engineered by the traditional elites is confirmed. Second, what was contemplated was nothing of a riot like February 18th. Possibly, this may have been out of fear that it might get out of control, but there was also the consideration that what was needed then was an alternative institutional framework, a political

¹⁰⁰ Lascelles to Salisbury, 1/4 and 4/4/1879, *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 89-90; al-Rāfi'i, *'Aṣr Ismā'il*, vol. 2, p. 181; al-Ayūbī, pp. 476-477; Ḥamid, *al-Mu'araḍah al-Waṭaniyah*, p. 55; al-Tanāḥī's introduction to 'Abduh's memoirs in 'Abduh, p. 50 n. 1; Sālim, p. 127.

¹⁰¹ Lascelles to Salisbury, 4/4/1879, *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 89-90. Borg was the Acting British Vice-Consul.

¹⁰² Lascelles to Salisbury, 4/4/1879, in *ibid.*, vol. 78, pp. 89-90. In an apparent reference to the same incident, Schölch paraphrases Borg's reassurances, as reported by Lascelles, as follows

that there was no reason to fear a revolt; those at the meetings there were **no rebels**, but the most influential and well-to-do notables of the country who were in constant contact with the Khedive [my emphasis]

No citation is given, but the account is very close to that in the letter cited above. Interestingly, however, although Lascelles reports that Borg indicated that the Khedive was in contact with those at the meetings, this was not among Borg's reasons for assuring Lascelles that there would be no riot. The difference, again, is significant: whether or not they were in contact with the Khedive, they were guided by their pursuit of self-interest, and were aware of it. The emphasis laid by Schölch on the elites' contact with the Khedive is consistent with the line of argument he persistently develops. If, however, he was basing that part of his analysis on Lascelles' account which I cited above, using it the way he did would impose on it an emphasis which it did not originally bear. See Schölch, *Egypt for the Egyptians*, p. 88.

plan of action, rather than a mere show of force. Finally, we also see here an indication of class consciousness that would make the mobilizers define limits to the involvement of the masses. The contradiction of class interests, rather than their identity as some writers suggest,¹⁰³ is what we observe in the situation. This is notwithstanding the evidence that the movement capitalized on the general feeling of public resentment and disorder, and waged its opposition on a nationalist platform. The apparent paradox in adopting a nationalist platform while safeguarding the compass of the movement cautiously clearly indicates that the term "national" in this instance must not be taken to mean nation-wide interests. A report from *The Times* Correspondent expresses this clearly. After counting the various elite-groups of which the "National party" consisted, and showing how each of these had a conservative disposition for various reasons, he concludes,

This closes the list of the National party. The four or five millions of people who labour late and early, who till the land, dig the canals, pay the taxes, supply the army, who make Egypt what it is at the average wage of 5d. a day, who are, in short, the Egyptian people-they know nothing of the National party.¹⁰⁴

This takes us to the variety of interests of different factions within the front. Different studies offer various characterizations of the social groups that were mobilized in the National Assembly. Each of these can be a subject of a theoretical discussion beyond the present study.¹⁰⁵ We may, however, detect certain converging and diverging interests within the front. Economically, the principal

¹⁰³ Contrast this reading of events with what Theodore Rothstein suggests [it was to be expected that the news of these projected reforms [by the Commission of Inquiry] would cause the utmost indignation among the well-to-do classes, who would thus for the first time have the identity of interests between them and the lower classes vividly brought home

Rothstein, p. 81.

¹⁰⁴ *The Times*, 21/5/1879.

¹⁰⁵ See 'Isā, pp. 356-358; Sālim, pp. 122-126; Ramadan, "Social Significance," pp. 188-189; Abu Lughod, pp. 326, 322-324. 'Isā, for example, divides the groups of the National Assembly into an agricultural aristocracy [viz. the *dhawāt*], an agricultural bourgeoisie [viz. the *a'yān*], the palace, and the intelligentsia, including 'ulamā', army officers, state officials and liberal intellectuals. He makes the assumption that the distinction between agricultural aristocracy and agricultural bourgeoisie followed ethnic grounds, although there are indications that some of the largest landholders by that time came from the *a'yān*, and that it was accordingly difficult to distinguish between those two social groups on ethno-economic bases. Ramadan, on the other hand, does not distinguish between various large landed interests, speaking about all such interests as "agricultural bourgeoisie." See also note 109 below.

movers included figures from the *a'yān* (including leading merchants) and *dhawāt*. By definition, these were groups of large landowners. It may be safely postulated that the leading '*ulamā*' and senior army officers must have also held considerable areas of land. This must have been the case of al-Shaykh al-Bakrī, for example, since he was himself among the ranks of the *a'yān* and testified to the validity of their signatures to the *Lā'ihah*. We also note that the officers' ranks by that time had been infiltrated by the *a'yān*. There may have been other elements mobilized into the National Assembly by other factors, like resenting arrears in payment when highly paid Europeans infiltrated government ranks or due to a purely national sentiment against European intervention.¹⁰⁶ Nevertheless, there is no indication that such elements were in the leadership of the movement at that time, unlike the case of the 'Urābī movement, which commenced some two and half years later. At this earlier stage, however, large landed interests appear to have dominated the national movement.¹⁰⁷

Politically, the spectrum of interests among the leadership was more divergent. As explained in earlier chapters, power had been distributed within the state apparatus between the *dhawāt* whose stronghold was the cabinet (viz. administration) and the *a'yān* whose stronghold was Majlis al-Nūwāb. By that time, the hold of the *dhawāt* over the administration was deteriorating under European infiltration of senior ranks. Also, until that time, the Majlis was still regulated by the laws of 1866 which ascribed to it a largely consultative role. At the moment when various groups were coalescing into the front, it was possible for the *a'yān* to pursue constitutional changes that would subject the cabinet to the Parliament's control without facing strong opposition from the *dhawāt*, given the encroachment by Europeans on the latter's own control over the cabinet. Hence, it became possible, for the moment, to reach some common agreement on constitutional relations and to incorporate these in the *Lā'ihah*. The potential contradiction between the *a'yān* and *dhawāt*, however, was evident. This was later demonstrated in the confrontation that ensued between Sharif's second cabinet (September 1881-February 1882) and the Majlis elected in late 1881, which ultimately caused the splits in the ranks of the national movement, the leadership of which from that moment (February 1882) became gradually concentrated in 'Urābī's hand.

¹⁰⁶ al-Rāfi'i, '*Asr Ismā'il*', vol. 2, pp. 167-170; Schölch, *Egypt for the Egyptians*, pp. 88-89.

¹⁰⁷ See in this respect 'Isā, p. 356; Ramadan, "Social Significance," p. 188.

It is relevant here to note the political weight those ranked among the *a'yān* were able to demonstrate at that time, capitalizing on much closer accessibility to the public than the *dhawāt*. The case of al-Bakrī was an evident example. Ibrāhīm al-Mūwailihī, whose personal account is interestingly accepted by Schölch, was another evident example.¹⁰⁸ Suggestions that these figures were ploys in the hands of Ismā'il rather than political forces in their own right--as some writers whose views are discussed below claim--must be taken cautiously. Also, the contention that leadership was in the hands of the Turco-Circassian "agricultural aristocracy" must be similarly qualified.¹⁰⁹

The National Assembly, therefore, could be described as a front composed of groups of the traditional elites, allied loosely by a national bondage against an increasing European control of fiscal and general administration which threatened both their control over the state as well as their economic privileges. This rather loose bond was bound to demonstrate itself in a political program, "*al-Lā'ihah al-Waṭaniyah*," which incorporated broadly agreed common denominators, whatever secondary differences or contradictions may have existed among the allied groups.

2. The Role of Ismā'il

There is a variety of accounts in primary sources on the role Ismā'il played in the convention of the National Assembly and the elaboration of "*al-Lā'ihah al-Waṭaniyah*." Most accounts agree that Ismā'il was at least aware of the meetings and that "there was constant communication between the Khedive and the more influential persons who attended them."¹¹⁰ Apart from the general agreement on this point, primary accounts differ on the specific role they attribute to Ismā'il.

¹⁰⁸ al-Mūwailihī is quoted to have spoken proudly of his efforts in bringing down the government "by means of the 'people's voices' (*bi-aswat al-umma*) [sic.]. He says that he had personally fetched the 'ulama' [sic.] and the notables of Alexandria, among others, so that they could also sign the papers." See Schölch, *Egypt for the Egyptians*, p. 88.

¹⁰⁹ This view is contended by 'Isā, p. 356. It differs from Ramadan's who suggests that "[a]ccording to the laws of historical movement, it was the agricultural bourgeoisie that was to play the leading and principal role in the Revolution, not the petty bourgeoisie." See Ramadan, "Social Significance," p. 188. See also note 105 above on the differences between Ramadan and 'Isā in the characterization of social groups.

¹¹⁰ Lascelles to Salisbury, 4/4/1879, *Parliamentary Papers, 1878-1879, Egypt 5* (1879), vol. 78, pp. 89-90. See also in this respect Sarhank, p. 361; Hāmid, *al-Mu'araḍah al-Waṭaniyah*, p. 56; Ramadan, "Social Significance," p. 189.

Cromer and Rivers Wilson¹¹¹ go as far as claiming that the whole matter was a maneuver by Ismā'il. According to them, Ismā'il had instigated and engineered those meetings, the financial counter-plan in al-Lā'ihah--if not the whole document--was actually his own,¹¹² and the constitutional elements in it were part of a decor intended to make the financial counter-plan more palatable to Europe.¹¹³ Rivers Wilson speculates about the mobilization of social groups in late March and early April 1879 in the following passages,

He hastily called together a number of functionaries, notables and ulemas [sic.], showed them our draft report, and **ordered** them to prepare a counter-scheme - though he pretended afterwards that this was a spontaneous movement in deference to public opinion which was hostile to Foreign Ministry [my emphasis].¹¹⁴

Of late, as part of the **comedy** he has played, a ridiculous demonstration was got up of ulemas and religious Sheikhs, at the head of which figured the Sheikh of Bekri - the chief of the unorthodox sects - but it is notorious that the whole thing was a **farce, invented and encouraged by the Viceroy** [my emphasis].¹¹⁵

Other accounts agree that Ismā'il had a role, but only as a party to the meetings and to the elaboration of a counter-arrangement. According to Sarhank, when Ismā'il was faced with European attempts to control Egypt's finances,

he wanted to confront Europeans with **a force that was capable of resisting them**, so he allied himself with the 'ulamā' and the people of Egypt. He agreed with them on certain

¹¹¹ This is understandably the case in the accounts given by members of the various bodies of the European financial administration in Egypt. Interestingly, this view was not fully shared by the head of the British foreign service in Egypt at that time, Consul General Vivian. On the other hand, the chapter on Ismā'il in Fahmī's biographical dictionary contains a very brief allusion to April's events which may be interpreted to attribute to him the role of the real mover of events. There is no reference to a source of such reports. Zakī Fahmī, *Ṣafwat al-'Aṣr fī Tārīkh wa Rusūm Mashāhīr Rijāl Miṣr* (Cairo, 1926), pp. 51-52.

¹¹² Cromer, vol. 1, pp. 98-99. Cromer quotes extensively from reports by Lascelles. By directly checking the Parliamentary Records, I found that these were taken from Lascelles' letters to Salisbury of 1/4 and 4/4, which I have cited elsewhere and which were also used extensively by al-Ayūbī as mentioned above. These are abundant with news of contacts between the Khedive and various political leaders, and of meetings sponsored by those leaders and attended by large numbers from various social groups who later became signatories to the Lā'ihah.

¹¹³ Ibid., pp. 105-109.

¹¹⁴ Rivers Wilson, p. 191.

¹¹⁵ Ibid., pp. 212-213.

arrangements and undertakings[,] on the condition that all affairs will be in their hands and done in consultation with them[.] When the English and the French and others detected the formation of that alliance they endeavored to depose Ismā'il [my emphasis].¹¹⁶

There is a similar account by Ninet, in which Ismā'il flatters the notables, appealing to their sense of social and political importance, and solicits their support for a financial plan.¹¹⁷ In both accounts, Ismā'il appears in a much milder power status than in Cromer's or Wilson's. He is in no position to **order** the notables, but he is seeking their support in return for a greater share in power. The constitutional changes elaborated in the Lā'ihah would then be no decor or farce, but a price paid for a political power which must be reckoned with and whose support was important. In at least one other account, the roles played by Ismā'il and the other parties are reversed. Amīn Sāmī states that Ismā'il was enticed to move against the European control under the influence of an entourage whose interests were hard hit by measures related to corvée, taxation, and land surveying.¹¹⁸ In here, Ismā'il is no instigator, but he concedes to temptation to oust an administration which had curtailed his powers, and is himself being instigated.

¹¹⁶ Sarhank, p. 365. Schölch alludes briefly to a preceding part in Sarhank (p. 361), which mentions that Ismā'il gathered the notables and asked them to elaborate a financial counter-plan. There is no mention in that part to the agreements related to the redistribution of power. Schölch presents this as evidence that Ismā'il was in contact with the notables and other groups, and consequently to discount the role played by those groups in initiating and carrying the meetings. He does this by way of counter-arguing the views of al-Rāfi'i, Sālim, and others [see below]. Schölch, *Egypt for the Egyptians*, p. 88, citing Sarhank, p. 361; cf. Ramadan, "Social Significance," p. 189 and Ḥāmid, *al-Mu'araḍah al-Waṭaniyah*, p. 56.

¹¹⁷ The account of Ninet is paraphrased in Schölch as follows,
Isma'il [sic.] ordered his 'minions' to arrange a meeting of the notables of the country; he addressed them as 'le coeur du pays, le grand parti national' and offered them constitutional advantages if they put their signatures to his financial plan and supported it. Together they should defend themselves against European intervention

Schölch, *Egypt for the Egyptians*, p. 88. In a foot-note, he explains that the "minions" named by Ninet were Shāhin Pāshā, 'Umar Pāshā Luṭfi, Sharif Pāshā, Dhū al-Fiqār Pāshā, and 'Abd al-Qādir Hilmī. Ibid., p. 328 n. 63. Note that all, except the last, held portfolios in Sharif's cabinet which was appointed on April 8th.

¹¹⁸ Sāmī, vol. 3 pt. 3, p. 1554.

Not surprisingly, the account given by Ismā'īl himself contains a clear denial of any collusion or even prior knowledge of the plan. In an interview with *The Times* in mid April, he describes the scenario as follows:

I stood loyally by my Ministry. I bowed to the will of France and England ... I agreed to take no part in the Council. I accorded the European veto At last things came to such a pass that the dismissed officers, the insulted Notables, the Ulema, the Coptic Patriarch, the Chief Rabbi came to me with **a project of which I then knew nothing**. They brought it to me and said, 'This is our project. We will no longer be oppressed by the Europeans. If you will come with us, good; if not, we still go on alone [my emphasis].'¹¹⁹

Significantly, besides giving an account which acts as a disclaimer of responsibility, Ismā'īl also depicts himself here as a pragmatic statesman, whose actions were guided by the prevailing political realities rather than personal interest or any other consideration. There are some obvious biases or self-interests in depicting Ismā'īl's involvement, or non-involvement, the way done in some of the above accounts. This is particularly notable in the extreme accounts given by Cromer, Wilson, and Ismā'īl. There may also be an element of speculation, rather than first-hand knowledge or direct involvement, in some of the other accounts. We do not, for example, have the words of Sharīf Pāshā, al-Bakrī, Ismā'īl Pāshā Rāghib or al-Mūwailihī to contemplate.

Perhaps it is because of those contradictory accounts that studies of this period are divided on Ismā'īl's role. In some studies--like those by al-Rāfi'ī, 'Isā, Sālim and Ramaḍān--Ismā'īl's participation is reduced to a supporter who readily accepted the movement and added his weight to its resolutions.¹²⁰ Other studies--like Scholch's--subscribe to the accounts of Cromer and Wilson, which were quoted earlier, almost fully.

Through his supporters [*al-dhawāt*] the Khedive organized the signing of the plan by those representatives of the social groups

¹¹⁹ *The Times*, 28/4/1879.

¹²⁰ al-Rāfi'ī, *Aṣr Ismā'īl*, vol. 2, pp. 185; 'Isā, pp. 357-358; Sālim, p. 128; Ramadan, "Social Significance," p. 189. Some writers remain uncertain on this point. Ḥāmid, for example, suggests that Ismā'īl was at least a supporter, if not the mastermind behind the movement. See Ḥāmid, *al-Mu'araḍah al-Waṭaniyah*, p. 56.

who had always been considered competent to speak for the whole population [*al-a'yān*].¹²¹

Plainly, the financial counter-plan is described as Ismā'il's and it is added--without supporting citation--that "his French private secretary, Barrot Pasha, seems to have been its author."¹²² According to this view, the reason why the Lā'ihah contained specific constitutional demands was that this was a price paid by Ismā'il to obtain support for his counter-plan. This whole perception rests on the view that Ismā'il had always succeeded to employ Majlis al-Nūwāb in a way which suited his agenda.¹²³

Ismā'il's possible participation in mobilizing the National Assembly does not in itself constitute evidence against the existence of a genuine political movement at that time, except if this is taken to the extent of depicting the entire mobilization as a farce in the manner suggested by Cromer and Wilson. There are some problems with that depiction. First, there are some major inconsistencies in the view itself. On the one hand, if one is prepared to admit that the traditional elites had any awareness of their immediate interests in addition to some political presence or influence (which is implied in Wilson's and Lascelles' references to al-Bakrī for instance and in al-Mūwālīhī's account which Schölch himself accepts), it would be paradoxical to argue that Ismā'il had to provoke them against an administration and a plan which were so evidently against their own material interests, or, as Ninet put it, under which there was a virtual transfer of power and land from Egyptians and Circassians to Europeans.¹²⁴ The inconsistency in studies which accept the depiction of traditional elites as mere ploys is revealed in their acknowledgment that "[t]he emphasis on the role of the Khedive does not mean that he would have had to exercise great pressure on the notables. **The La'iha [sic.] gave expression to their interests**" [my emphasis].¹²⁵ It is also paradoxical to argue that Ismā'il had to make constitutional promises in order to enlist the support of a group whom he

¹²¹ Schölch, *Egypt for the Egyptians*, p. 88.

¹²² Ibid., p. 88. No source is cited. The contention that the financial plan was Ismā'il's own make is sounded by Schölch over and over again. He repeats in another place "[i]t had been known for some time that Isma'il [sic.] had a counter-plan to set against Wilson's financial plan." Schölch, *Egypt for the Egyptians*, p. 88.

¹²³ See note 157 below.

¹²⁴ Ninet, pp. 123-126.

¹²⁵ Schölch, *Egypt for the Egyptians*, p. 89.

could readily use as ploys. We should note here that in making this argument these studies do not only testify to Ismā'il's recognition of the *a'yān* as a politically significant group, but also to his recognition that they had distinct interests, prime among which were constitutional changes.

Second, this depiction ignores existing evidence inasmuch as this evidence points to the deteriorating grip and status of Ismā'il at that time. We have seen examples of this in reports that demonstrations in Upper Egypt expressed anger towards the Viceroy and that the viceregal palace was a potential target of violence. The general image portrayed through these accounts would make Ismā'il in need for the support of the *a'yān* in particular, given their closer contact with the population. Indeed, as the situation unfolded, it became apparent that the relation between the Khedive and the traditional elites was quite the opposite of what Wilson and Cromer suggested. This was spelled out clearly in the observation made by *The Times* Correspondent around mid-May that the Khedive "has now to take account of a so-called national party whose influence over their ruler is reported sometimes to verge on dictation."¹²⁶ The same meaning is bore in 'Abduh's account of the events and aftermath of April 1879.¹²⁷ Furthermore, a review of the record of Sharif's cabinet--which is attempted in the next chapter--would show that the cabinet was moving with an increasing deal of independence from the Khedive. All this would support Rothstein's contention that

it is nothing but a traversy of history to represent, as official historians do, the Notables and Ulema [sic.] and other sections of the upper classes of Egypt at that period as mere tools in the hands of Ismail, ready to obey his dictates and devoid of all independence of character or thought.¹²⁸

Third, if one is to go beyond the letter of various accounts into the context itself, there seems no ground to portray the movement as another "comedy"--or, for that matter, tragedy--staged by Ismā'il. There is an obvious difficulty in determining which specific idea in the counter-plan or which tactical move in mobilization was the contribution of which individual, but this becomes a rather unimportant point of detail if we recognize what the overall context suggests. There were social groups

¹²⁶ *The Times*, 27/5/1879. Rothstein and 'Isā quote this passage. Rothstein, p. 84; 'Isā, p. 357. Similar accounts can be found in *The Times*, 21/5 and 11/8/1879.

¹²⁷ 'Abduh, p. 50.

¹²⁸ Rothstein, p. 84.

who had very obvious interests to move against the existing administration. They had the ability to exercise certain pressures which Ismā'il himself did not possess at that time, and some of them had aspirations which could be pursued in the circumstances. The document which carried the signatures of the representatives of those groups expressed those interests and aspirations. Ismā'il still had power, as head of state, to confer legitimacy through decrees, etc. The situation of disorder itself called for possible alternatives, and was ripe for a movement in which the traditional elites and Ismā'il could join forces. The likelihood that Ismā'il knew, and even gave his blessings, to the mobilization of the National Assembly and the ideas in the *Lā'ihah* does not render the political movement itself null and void. The movement was a genuine move by social groups who expressed their genuine interests, and the Khedive was--at the most--a political ally. Furthermore, this was a movement which--as known--continued beyond the phase of April 1879, and after the deposition of Ismā'il himself.¹²⁹

(C). "al-Lā'ihah al-Waṭaniyah": The Political Program of the National Assembly

As mentioned earlier, the National Assembly culminated in the production of a national program, "*al-Lā'ihah al-Waṭaniyah*," which contained a financial section as well as a set of constitutional demands.¹³⁰ Notwithstanding some slight differences between major sources,¹³¹ it is generally agreed that "*al-Lā'ihah*" was signed by some 330 signatories, which included *dhawāt*, *a'yān*, members of *Majlis al-Nūwāb*, '*ulamā'*, military and naval officers, in addition to "the Coptic Patriarch, the chief Rabbi, the Sheikh-ul-Islam [sic]."¹³² The document was meant to present the signatories as members of broader collective groups rather than only as individuals.

¹²⁹ Some writers consider that April 1879 was the first of five phases in the history of "*al-Jabhah al-Waṭaniyah al-Muttaḥidah*" which led the 'Urābi movement. For details, see 'Isā, 346-372.

¹³⁰ This document exists in two official versions, one in Arabic and the other in French. A photographic copy of the Arabic version can be found in Ṣubḥī, vol. 5, pp. 99-106. The full text of this version appears in two compilations. Citations in the present discussion are all in reference to "*al-Lā'ihah al-Waṭaniyah*," in Jallād, vol. 2, pp. 171-184. The French is attached as inclosure to one of Lascelles' despatches to Salisbury. See Lascelles to Salisbury, 7/4/1879 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 96-107. For more details on the two versions and on sources where the Arabic version can be found, see Appendix IV.

¹³¹ For more details, see Appendix IV.

¹³² *The Times*, 19/4/1879. For more details on the numbers signing from different groups, see Appendix IV.

This is attested by the fact that leading members within different groups certified to the validity of the signatures of their respective members: Sharīf Pāshā for the *dhawāt*, Rātīb Pāshā--Minister of War in Nūbār's cabinet--for army officers, Shaykh al-Bakrī for religious dignitaries as well as for the notables, and Aḥmad Rashīd Pāshā--Head of Majlis al-Nūwāb--for members of the Majlis.¹³³ A more detailed discussion of this document and its two official versions (French and Arabic) is given in Appendix IV.

The Lā'ihah was submitted to Ismā'īl on April 2nd. A few days earlier, Rivers Wilson had given the Khedive a copy of a draft proposal which was concurrently submitted to the Commission of Inquiry for discussion and adoption as its final report.¹³⁴ The Commission produced the plan in its final form on April 8th,¹³⁵ but by this date it had already been superseded by other developments. Nevertheless, since the financial component of "al-Lā'ihah" was largely an attempt to anticipate and preempt the Commission's financial plans, it remains important to look into the main provisions of the latter.

1. The Commission's Financial Plan and al-Lā'ihah's Counter-Plan

The premise of the Commission of Inquiry's plan was that Egypt had been in a state of insolvency since April 1876, when it first failed to meet payment obligations. The plan envisaged a scheme for financial reorganization which involved changes in taxation and some debt settlement proposals. First, as anticipated earlier, the plan

¹³³ Lascelles to Salisbury, 7/4/1879 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, p. 96.

¹³⁴ In a later letter to the Khedive, Wilson stated that what he had submitted to him was "a document which was to serve as a basis for examination by the Commission of Inquiry of the financial situation." *The Times*, 21/4/1879. Amin Sāmī reports the submission of the draft report to the Khedive relying on Wilson's account of it, but includes it as part of the background to the officers' demonstration of February 18. Sāmī, vol. 3 pt. 3, pp. 1554-1555.

¹³⁵ The complete text of the Commission's final report is in Lascelles to Salisbury, 14/4/1879 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 121-162. This report is summarized and reviewed in *The Times*, 28/4/1879; Cromer, vol. 1, pp. 110-125. Highlights of the report can be found in Scholch, *Egypt for the Egyptians*, pp. 91-92 and in Sālim, p. 127. Interestingly, it is not discussed in any detail by al-Rāfi'i, who makes a very brief allusion to it in the context of discussing protests against its provisions on al-Muqābalah and the 'ushr tax. See al-Rāfi'i, *ʿAṣr Ismā'īl*, vol. 2, pp. 180, 184, 189. Of all these sources, *The Times* contain the most detailed and comprehensive discussion of the way debt settlement was treated in the report. There is also the comparison which the signatories of al-Lā'ihah al-Waṭāniyah made at the end of their proposed counter-plan. See "al-Lā'ihah," pp. 175-176; Lascelles to Salisbury, 7/4/1879 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, p. 102.

withdrew the tax privileges of the traditional elites. In this respect, it involved the imposition of an annual surtax of £150,000 over the 'ushr,¹³⁶ as well as the abolition of the Muqābala law. The latter provision meant that the 50% tax concession accorded to those who had paid al-Muqābala was withdrawn, and the full tax rate was reinstated. The plan provided for the redemption of payments made by way of Muqābala through 3% bonds.¹³⁷ On the other hand, the plan allowed for the abolition of miscellaneous petty charges and taxes which had annually yielded some £400,000. The loss of revenues from this source were counterbalanced by the increases through the 'ushr surtax and the reinstatement of the full land tax.¹³⁸ As it stood, therefore, the plan amounted to a redistribution of taxation burden, adversary to the larger and wealthier landowners.¹³⁹

As far as debt settlement was concerned, Wilson's plan involved one or more sacrifices for most categories of creditors. These compromises included reduction in interest by amounts which reached 2% per annum in the case of some debts (Unified Debt), partial or full suspension of amortization for up to four years in some cases (Short-Term Loans), modifications in the security held by most lenders (partly as a result of the planned abolition of al-Muqābala which was used as collateral for some loans), and partial rescheduling of a large proportion of some loans as in the case of the Floating Debt.¹⁴⁰ According to the frame of reference established in the decree of November 1876, the Commission's plans constituted modifications in existing debt settlement arrangements. Hence, these proposals were subject to the consent of the European powers and of the Public Debt Commissioners as representatives of the creditors.

¹³⁶ "al-Lā'ihah," p. 172. On the surtax proposed by Wilson on 'ushūriyah lands, see *The Times*, 28/4/1879; Schölch, *Egypt for the Egyptians*, pp. 91-92; Sālim, p. 127.

¹³⁷ I could not find a specification for the duration of the bonds proposed in redemption of al-Muqābala in the sources mentioned in the previous two notes.

¹³⁸ This summary is based on the various details that can be found in *The Times*, 28/4/1879; Cromer, vol. 1, pp. 110-125; "al-Lā'ihah," p. 176; Schölch, *Egypt for the Egyptians*, pp. 91-92; Sālim, p. 127.

¹³⁹ On the relative shares of different land taxes at the time of Wilson's plan, see Mulhall, p. 532.

¹⁴⁰ *The Times*, 28/4/1879; "al-Lā'ihah," pp. 175-176; Lascelles to Salisbury, 7/4/1879 *in* clsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, p. 102. The exception to these compromises were holders of the Privileged Debt due to certain legal protection, and government employees and pensioners if their claims were lower than LE 1,000 per annum.

The financial counter-plan in "al-Lā'ihah" rested on rejecting the principle of insolvency, which formed the premise of Wilson's plan, on the grounds that "ce Projet est contraire aux intérêts et à l'honneur de notre pays."¹⁴¹ The sponsors of "al-Lā'ihah" offered a fiscal scheme which envisioned higher short-term inflows, but retained the tax privileges enjoyed by the traditional elites. The scheme allowed for the retention of the Muqābalah with its pursuant obligations and privileges, the maintenance of a two-tier land tax, *kharāj* and 'ushr, and the recognition of the Rūznāmah as a state debt repayable as and when revenues allowed.¹⁴² The retention of those privileges was possible because of the short-term impact of the Muqābalah payments, since collections under this item were expected to continue to flow in until 1886. In comparison to Wilson's plan, the additional revenues projected from this source exceeded the loss in revenues resulting, first, from retaining the 'ushr tax and, second, from continuing the privilege under Muqābalah of paying land-tax at half the rate. Further supplementation of state revenues was achieved by maintaining various petty taxes and charges which Wilson had intended to abolish.¹⁴³ The result was to boost state revenues in the immediate term and for up to seven future years (1879-1885) from some LE 8.8 million projected by Wilson to some LE 9.55 million, albeit at the cost of operating on a narrower revenue base beginning in 1886 (LE 7.75 million), and arguably a lower figure in subsequent years once Muqābalah was fully paid.¹⁴⁴

Based on the anticipated higher flows, the sponsors of "al-Lā'ihah" projected a quicker debt settlement than what Wilson had envisaged.¹⁴⁵ Debt amortization was

¹⁴¹ "al-Lā'ihah," pp. 172-173; Lascelles to Salisbury, 7/4/1879 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, p. 97. See also Ṣubḥī, vol. 4, p. 32; *The Times*, 16/4/1879; Schölch, *Egypt for the Egyptians*, pp. 88-89; al-Rāfi'i, 'Aṣr Ismā'il, vol. 2, p. 186; 'Isā, pp. 357-358; Sālim, p. 127.

¹⁴² "al-Lā'ihah," pp. 172, 174, 180; Lascelles to Salisbury, 7/4/1879 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 98-100. The recognition of the Rūznāmah as a state debt is made in the Arabic version only. See Appendix IV.

¹⁴³ *The Times*, 28/4 and 5/5/1879; Schölch, *Egypt for the Egyptians*, p. 91; Ḥāmid, *al-Mu'āraḍah al-Waṭaniyah*, p. 56.

¹⁴⁴ The comparisons made here are based on "al-Lā'ihah," pp. 172, 176, 177-179, 184; Lascelles to Salisbury, 7/4/1879 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 98, 101-103; *The Times*, 19/4 and 5/5/1879.

¹⁴⁵ See "al-Lā'ihah," pp. 172-175, 177-184; Lascelles to Salisbury, 7/4/1879 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 97-107. Summaries and commentaries can be found in Sarhank, p. 361; *The Times*, 19/4 and 16/4/1879; Cromer, vol. 1, pp. 105-109, 125; al-Rāfi'i, 'Aṣr Ismā'il, vol. 2, pp. 183-184; Schölch, *Egypt for the Egyptians*, p. 91; Sālim, p. 127; Ḥāmid, *al-*

generally consistent with existing obligations for the four principal consolidated debts. There was no suspension of payments and--with the continuation of al-Muqābalah--all loans continued to be backed by the same security that had existed for each of them. Interest rates and interest payments were either the same as Wilson's proposals or better. Payment of the Floating Debt was to be enhanced in comparison to Wilson's proposals. All salary and pension arrears (some LE 1.5 million) were to be settled immediately. Of the commercial accounts (some LE 3.9 million), 55% was offered as immediate payment (some LE 2.145 million), and the balance in four and a half years.¹⁴⁶

Thus, the financial counter-plan of "al-Lā'ihah" evidently distributed the burden of debt liquidation in a way which preserved the financial privileges of the traditional elites (viz. Muqābalah and 'ushr) and maintained the burden carried by other sectors of the population through miscellaneous taxes and charges.¹⁴⁷ This may have offered partial justification for Cromer's contention that "the basis of the [counter-]plan was that the Khedive should regain his personal power, and that upper classes should preserve their privileges intact"¹⁴⁸. It is fair to claim that the counter-plan aimed at preserving the privileges of the upper classes. There is no evidence, however, to the claim that the basis of the Lā'ihah was to give back to Ismā'il his personal power. This claim rests on a suggestion that the counter-plan ignored the imposition of a civil list on the Khedive and his family, for which Wilson's plan had provided £300,000.¹⁴⁹ This is difficult to ascertain. Indeed, the Lā'ihah does not include any explicit mention of a civil list in the section on public spending. However, the allocation for public spending, be it in the body of the document or in the appended tables, is given as a lump sum amount without a breakdown of its

Mu'āraḍah al-Waṭaniyah, p. 56. Hāmid, who cites the manuscript of Schölch's dissertation in at least one point, follows here very closely the latter's analysis.

¹⁴⁶ A point-by-point comparison between Rivers Wilson's-Commission of Inquiry's plan and "that submitted to the Khedive by the Notables"--is attached as an inclosure to one of Lascelles dispatches to Salisbury. That comparison was done by M. Bellaighe de Bughas, the French member of the Commission de la Dette Publique. See Lascelles to Salisbury, 26/4/1879 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 187-195.

¹⁴⁷ Schölch, *Egypt for the Egyptians*, p. 91.

¹⁴⁸ Cromer, vol. 1, p. 125.

¹⁴⁹ This claim is made by Cromer and is repeated in Schölch who argues that "[t]he financial plan of the 'notables' contained nothing which would have damaged the material interests of the Khedive and of the privileged class." Cromer, vol. 1, p. 125; Schölch, *Egypt for the Egyptians*, p. 91. See also Hāmid, *al-Mu'āraḍah al-Waṭaniyah*, p. 56, where he cites the English translation of the manuscript of Schölch's dissertation, pp. 85-87.

constituent items. Therefore, it cannot be ascertained from a direct view of the text or the tables whether the projected figures included any provisions for a civil list.

Nevertheless, the practice of making such allocation had been established since the preliminary report of the Commission of Inquiry in August 1878 as a measure of separating personal from state finances.¹⁵⁰ It was also at that time that the Khedive's executive powers were curtailed by the establishment of an independent cabinet. It would seem to go against the spirit of the *Lā'ihah* to suppose that it gave back to the Khedive the privilege of free access to public funds when part of the objectives of the entire move in April 1879 was to propose an orderly and calculated reduction of debts that preserved the existing privileges of traditional elites. The interests of the traditional elites, in this respect, would have contradicted with free Khedivial access to public funds. Furthermore, the constitutional demands in the *Lā'ihah*, as we shall shortly see, were an attempt to capitalize on the already curtailed space of the Khedive as per the August 1878 Rescript rather than to help him restore it, and Ismā'il's subsequent acceptance of those demands conceded to the continuity of the principles of that Rescript. In the absence of direct solid evidence in "*al-Lā'ihah*" itself, there appears no ground to suggest that it waived the requirement of a civil list. This contention is unjustified, whether we look at it from the perspective of financial privileges or of political power. Indeed, on the latter point the *Lā'ihah* went beyond the mere preservation of the upper classes privileges to an expansion in the status of some of them, as the following discussion of the constitutional demands will show.

2. Constitutional Demands

Besides the financial counter-plan, the *Lā'ihah* contained demands for constitutional reforms. The signatories of the *Lā'ihah* wanted for *Majlis al-Nūwāb* the rights of a parliament with full representative powers along the European model (viz. legislative and control powers) in all internal and financial matters. This demand was presented as a perceived condition for the proper implementation of the plan, a matter to which the signatories, as will be shown shortly, gave their collective undertaking.

¹⁵⁰ Cromer, p. 113; Rivers Wilson, p. 154; English Resident in Egypt, p. 552. See also *al-Naqqāsh*, vol. 4, p. 10 regarding the allocation of a civil list to Khedive Tawfiq and his family in the early days of his reign.

Pour arriver à ce but la première condition serait que Son Altesse daignait accorder à la Chambre des Députés les attributions et les pouvoirs dont jouissent les Chambres des Députés Européennes en ce qui concerne les questions intérieures et financières.¹⁵¹

Obtaining such supervisory and legislative functions implied that the Council of Ministers would become responsible to the Majlis in all those matters. But "al-Lā'ihah" spells this out clearly, leaving no room for implicit understandings, by stating that the Council is "responsable devant la Chambre des Délégués, de tous les actes concernant les questions intérieures et financières du pays."¹⁵² Since the existing laws prescribed an advisory rather than a legislative role for Majlis Shūrā al-Nūwāb, it was necessary to change the legal corpse in a way that would incorporate the envisioned role of the Majlis. Therefore, the Lā'ihah stipulated, first, that a new Majlis would be elected on the basis of the then existing Electoral Law of 1866, and, second, that the latter law, as well as the Constituent Law and Regulatory Code governing the Majlis, would all be revised by the Council of Ministers and then submitted to the new parliament for ratification.

These constitutional demands amounted to a redistribution of power among the traditional power-holders in a way which enhanced the position of the Parliament (the institutional tool of the *a'yān*) and confirmed the independence of the cabinet (the traditional stronghold of the *dhawāt*) from the Khedive as stipulated in August 1878 Rescript. On both points, the Lā'ihah capitalized on the weakening position of the Khedive. Unlike what is suggested in some studies, the constitutional demands were not stated merely as requirements for the success of the proposed counter-plan.¹⁵³ This would have made of them something closer to a suggestion, a much milder description of the state of affairs than the Lā'ihah bore out. The sponsors of the Lā'ihah were making a statement of conditionality and their ability to impose conditions, as will be shown shortly, stemmed from the fact that they collectively

¹⁵¹ al-Lā'ihah," p. 175; Lascelles to Salisbury, 7/4/1879 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, p. 97.

¹⁵² Lascelles to Salisbury, 7/4/1879 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, p. 97. For the original Arabic, see "al-Lā'ihah," p. 175. See also Lascelles to Salisbury, 4/4/1879, *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 89-90; al-Tijārah 5/4/1879, quoted in full by Ḥamid, al-Mu'araḍah al-Waṭaniyah, p. 55; al-Tanāḥi's introduction to 'Abduh's memoirs in 'Abduh, p. 50 n. 1.

¹⁵³ This is the way Schölch seems to interpret the constitutional demands. Schölch, *Egypt for the Egyptians*, p. 90.

undertook at the outset--in both versions of the *Lā'ihah*--to ensure the proper implementation of the counter-plan. In this respect, it is important to approach the *Lā'ihah* as an integrated document, which reflected the economic and political realities of the moment when it was issued. The role depicted in "al-*Lā'ihah*" for Majlis al-Nūwāb was a statement of constitutional demands, which should be read jointly with what the sponsors were able to offer at that time, namely their support for a financial settlement away from a European administration that was curtailing all Khedivial powers and threatening the traditional elites' interests.

The call for a stronger role of the parliament was a manifestation of the increased resort by the ruler to the notables' wealth and influence since the early 1870s. By the late 1870s, the institutional relations articulated in the parliamentary codes of 1866 were no more appropriate for the power relations among the traditional elites. This situation is typical of the "politics of notables" doctrine proposed by Albert Hourani¹⁵⁴ and employed by Robert Hunter to account for the rise of Muḥammad Pāshā Sulṭān, the most vivid example of the *a'yān* and the President of Majlis al-Nūwāb in 1881.¹⁵⁵ According to that doctrine, the decline of central authority, the Khedive in this case, would give rise to competition and alliances among groups contending for power. It would seem that it is such situations that would be particularly ripe for negotiating major changes in institutional relations of the type we find in al-*Lā'ihah*.

Even prior to 1879, there was some evident tendency of an evolution in the Majlis from an institution whose agenda and deliberations were to be determined on the basis of what the government deemed appropriate to a body with wider parliamentary powers. At least three years before April 1879, the Majlis had already started to demonstrate its role as a forum for expressing the interests of large

¹⁵⁴ Albert Hourani, "Ottoman Reform and the Politics of Notables," in William R. Polk and Richard L. Chambers, *Beginnings of Modernization in the Middle East* (Chicago, 1963).

¹⁵⁵ See Chapter Two, notes 2 and 3 for full citations of two biographical studies of Sulṭān by Robert Hunter and Samīr Ṭahā. There is also a brief biographical note on Sulṭān in 'Abduh's memoirs. See 'Abduh, pp. 121-122. The consular reports include various allusions to Sulṭān by Edward Malet. In one of these, Sulṭān is described as "the most influential proprietor of Upper Egypt." In a later report, Malet refers to him as "a native Egyptian by birth... a man of firmness of character and much moderation." Both reports were written in late 1881, during the earlier phases of the 'Urābī movement. See Malet to Granville, 21/11 and 22/12/1881, *Parliamentary Papers, 1882, Egypt* 5(1882), vol. 82, pp. 117-118, 128.

landowners. In 1876, foreign advisors had proposed to rescind al-Muqābalah on grounds of its long-term adverse impact on public revenues. When the Majlis was convened to consider that proposal, the members first asked how would their previous payments (amounting then to some LE 12-13 million) be refunded. They then raised the issue of inspecting and discussing the 1875 budget, and the various revenues, spending and debt figures reported in it.¹⁵⁶ The session ended with the retention of the Muqābalah, but the issue of budget inspection had to wait for a later period of time.¹⁵⁷

Furthermore, the demands in "al-Lā'ihah" came within indications of a constitutional tendency detected in the Arabic press of Egypt at least since late 1878.¹⁵⁸ The following excerpt is an example for what was sounded in the editorials of *al-Ahrām* in early 1879,

It has now been established that our government is meant to be a constitutional government rather than absolute or despotic This requires the establishment of two cooperating bodies[,] the first of them the ministerial authority and the other the advisory authority (*al-sulṭah al-shūrawīyah*) These two powers are regulated by the force of laws which are safeguarded by an overseeing guardian who is the sovereign The first of the two powers is responsible to the second of them and the second to the people[,] from whom all legitimate right to vest authority originates.¹⁵⁹

By the time the Lā'ihah was issued, therefore, there had been signals for some possible transformation, some metamorphosis, in what McCoan had described two years earlier as a "germ of an Egyptian Parliament," an institution which met once a

¹⁵⁶ al-Rāfi'i, Ḥamid and McCoan see in that incident signs of such evolution. See al-Rāfi'i, *ʿAṣr Ismāʿīl*, vol. 2, pp. 151-152; Ḥamid, *al-Muʿāraḍah al-Waṭāniyah*, p. 51; McCoan, p. 115.

¹⁵⁷ Schölch discusses the position of the Majlis against the abolition of Muqābalah in 1876, but he dismisses its significance on the pretext that this was consistent with Ismāʿīl's preferences at that time. There is no mention of the attempt made at that time to expose the budget to the Majlis's review. Schölch, *Egypt for the Egyptians*, pp. 75-77.

¹⁵⁸ Quotations from *al-Tijārah* are given in al-Rāfi'i, *ʿAṣr Ismāʿīl*, vol. 2, p. 159, citing *al-Tijārah*, 23/12/1878.

¹⁵⁹ *al-Ahrām*, 13/3/1879. The same meanings are expressed in other issues. See for example the editorials of 6/3 and 22/5/1879. Although the term "*shūrawīyah*" is used, the specific statements that the cabinet should be responsible to the Parliament, and that the latter derives its mandate from the people indicate that we should not take that term for its literal meaning (i.e. consultative).

year, whose recommendations were respected and acted upon by the Government, but "[i]t has, of course, no legislative power."¹⁶⁰ An editorial in *The Times* noted this transformation after the self-assertive demonstration by the Majlis in the session of March 27th, albeit without attempting to detect the factors underlying such transformation.¹⁶¹

3. Collective Undertaking and Other Assurances

To demonstrate commitment to the counter-plan, the sponsors provided a collective undertaking for its orderly execution:

Nous proclamons donc, en notre nom, et au nom du pays, que ce qui sera nécessaire sera fait pour atteindre ce but. En foi de quoi nous avons cacheté la présente Déclaration, affirmant que nous sommes tous unis pour sa bonne exécution.¹⁶²

To offer the creditors added comfort, the counter-plan proposed the appointment of European controllers over revenues and expenditures.¹⁶³ This arrangement had been stipulated as part of the November 18, 1876 Decree. Following the appointment of the two European Ministers to Nübār's cabinet, the related provisions were temporarily suspended by a decree dated December 13, 1878,¹⁶⁴ and it was agreed that these provisions would be reinstated should either of the two Ministers be removed from the cabinet.¹⁶⁵ From this perspective, what the Lā'ihah offered was no novelty, but a recognition on its part of that arrangement. Interestingly, this arrangement was proposed in two lines immediately following the

¹⁶⁰ McCoan, p. 115.

¹⁶¹ The editorial column included the following comments based on a report from their Correspondent,

It is very probable many of the members thus elected are the creatures of the KHEDIVE [sic.]. But, however a body of delegates may be elected, they are apt to acquire some independence when they act together, and the Egyptian Assembly seems to have been no exception to the rule.

The Times, 16/4/1879. Cited also in Rothstein, p. 84 and in 'Isā, p. 357, who cross-cites it to Rothstein.

¹⁶² "al-Lā'ihah," p. 173; Lascelles to Salisbury, 7/4/1879 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, p. 97.

¹⁶³ "al-Lā'ihah," p. 173; Lascelles to Salisbury, 7/4/1879 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, p. 97. This is also noted in Ṣubḥī, vol. 4, p. 33 and in Sālim, p. 127.

¹⁶⁴ See Jallād, vol. 2, p. 143 and *Fihrist al-Awāmir al-'Āliyah 1876-1880*, p. 59.

¹⁶⁵ Vivian to Salisbury, 7/1/1879 and Lascelles to Salisbury, 5/4/1879, *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78 pp. 31, 93; Salisbury to Vivian, 25/4/1879, *Parliamentary Papers, 1878-1879, Egypt 3 (1879)*, vol. 78, pp. 3-4.

Lā'ihah's demands for constitutional reform.¹⁶⁶ The allusion to that arrangement in this place, rather than in the body of the counter-plan itself, may have presented it as part of a proposed redistribution of powers which recognized Europe as party to the power structure, but attempted to define a different space for her after the dismissal of the European Ministers. This may be interpreted as a step which was considered necessary by the Lā'ihah's sponsors in order to balance the possible anxiety that their initiative might have caused. However, it may have been not only a gesture of compromise imposed by political realities, but also an indication of a genuine desire to benefit from European expertise, in deep conviction that Europe was the model to follow. The definition of space for European presence was symptomatic of a more general dilemma which characterized the relations with the West. This was the case particularly on the part of the elites. Even beyond the confinements of politics, a critical balance had to be always conceived in dealing with Europe, now a model, now a foe.

(D) Conclusion

The gradual transfer of control over Egypt's administration and finances to European-dominated bodies was challenged in early 1879 by a coalition of various groups of traditional elites, whose interests converged with respect to the protection of their material privileges and regaining control over state institutions. This movement occurred within a general state of public disorder and resentment of the European cabinet, which spread to commoners and certain sectors of the European community in Egypt. While the movement capitalized on that general mood to present itself on a nationalist platform, its political program--embodied in "al-Lā'ihah" al-Waṭāniyah--was an expression of the vision and interests of traditional elites on the whole, with particular gains to a specific group among them, the *a'yān*. The movement, thus, carried strong conservative elements inasmuch as its main thrust was to maintain the overall power distribution and material privileges enjoyed by the traditional elites. The use of the term "nationalist," therefore, should not be taken to indicate that the movement incorporated nation-wide interests.

¹⁶⁶ "al-Lā'ihah," p. 175; Lascelles to Salisbury, 7/4/1897 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, p. 97.

On the face of it, the immediate objective of "al-Lā'ihah" was financial, namely prescribing a debt liquidation plan that allowed the retention of the two tier tax structure which privileged the traditional elites (viz. *'ushr* and *kharāj*) and protected the rights they had acquired through previous contributions to the state treasury (viz. *Muqābalah* and *Ruznāmah*). In this, the Lā'ihah expressed the interests of the traditional elites on the whole. The Lā'ihah, however, could be read as mainly a blue-print for redistribution of power among and within the different contenders to political control at that time (viz. Europe and the traditional elites). In this respect, it attempted to capitalize on the space created by the ailing status of the Khedive, which had been institutionalized in the August 1878 Rescript. We see this in two directions. First, in its prescription for the relation with Europe. The mere elaboration of a financial counter-plan was itself an attempt to restrict European share in administration by preempting the anticipated Commission of Inquiry's plan. Besides the fact that this counter-plan proposed a distribution of fiscal burden which was more beneficial to the traditional elites, the implementation of a scheme which was the making of those elites meant in itself a seizure of the financial and general administration of Egypt from European control. The mere taking of the initiative, therefore, had its serious political implications, regardless of the details or the feasibility of the arrangements it involved. It will be shown later how this determined the reaction, in principle, of European powers. It is also possible to see other political implications in connection with Europe within the contents of the plan. Making debt liquidation a top priority was an attempt to liquidate not only the debt but, more importantly, the political influence that was acquired by Europe as a result of it. Furthermore, the Lā'ihah also addressed the issue of defining a space for accommodating European presence and settled on this point with having European controllers. The "nationalist" platform adopted during that phase of the national movement in Egypt, therefore, envisioned a space for Europe in Egyptian affairs rather than a total exclusion or a full-fledged challenge of her.¹⁶⁷

¹⁶⁷ This is also consistent with the remark made by Ṣalāḥ 'Isā that the position "al-Lā'ihah" took in relation to Europe was nationalist but with a limited liberation import in at least two respects. First, that it accepted European involvement in principle. Second, that it made an uncritical recognition of the public debt as an obligation Egypt must honour, without raising issues like the amounts actually received, or the moral responsibility of the country to contracts made by Ismā'il in his capacity as absolute ruler. 'Isā, p. 358. Some of these criticisms were made by some contemporary European writers, like A.J.Wilson and Seymour Keay, whose works were cited earlier.

Second, the *Lā'ihah* was also a blueprint for power redistribution in its prescription for the relation among the main factions of the traditional elites, namely the *dhawāt* and the *a'yān*. In spite of the fact that the ethnic connotation of the terms was diminishing by the late 1870s, a factor which contributed to the formation of a coalition on socio-economic grounds since both groups were large landholders, the terms referred to two different groups with respect to their political control and constituencies. The *Lā'ihah* attempted to regain for the traditional elites on the whole their control over state institutions, but afforded a promotion in the *a'yān*'s share of power by subjecting the Council of Ministers, the *dhawāt*'s traditional stronghold, to *Majlis al-Nūwāb*, the *a'yān*'s stronghold. This was consistent with the long-term rise in the wealth and political share of the *a'yān*, as well as with constitutionalist trends which could be observed both in *Majlis al-Nūwāb* since 1876 and in the Arabic press of Egypt at least since late 1878. In this respect, the movement captured the essence of the changes effected through the August Rescript and attempted to capitalize on these by promoting a parliament with some control over the administration. Therefore, the *Lā'ihah*, which comes out as a generally conservative--if nationalist--document bore an element which promoted change. There may be room for speculation here as to how far this singularly non-conservative element could have been a means for promoting further changes in the political system had the *Lā'ihah* been successfully implemented. Nevertheless, it is evident that the *a'yān* were the group who would have gained most from the new arrangements, if these were sustained.

While the *Lā'ihah* could be viewed as a power redistribution scheme in essence, its sponsors readily accepted that the legitimacy of the political arrangements contained in it would be subject to the viability of the debt liquidation promises made therein, and they hence treated those promises as an incumbent collective commitment. The financial component of "*al-Lā'ihah*" was, thus, of primary importance for sustaining the entire political arrangement prescribed in it. A few days after receiving *al-Lā'ihah*, on April 7th, *Ismā'il* declared the adoption of the *Lā'ihah*, dismissed the cabinet and assigned *Sharīf Pasha* the task of forming a new cabinet of purely national elements. A brief interregnum ensued (April - June 1879) during which the National cabinet attempted to implement the program envisaged in *al-Lā'ihah*, where debt liquidation was a prime tool in proving the viability of the advocated political

arrangements. The agenda of the National cabinet and the challenges that confronted it and eventually frustrated the counter-plan are the subject of the next chapter.

Chapter Four: The First National Interregnum, April to June 1879

(A). Proceedings of April 7, 1879

1. Dismissal of the European Cabinet

On April 7th, foreign representatives were invited to meet with the Khedive¹ and were advised that they would be receiving, for transmission to their governments, a financial plan submitted by the people and expressing their true wishes. In the meeting, Ismā'il announced that he received petitions expressing "great discontent that existed among all classes of the population,"² and that a national project was handed to him expressing a position against any virtual declaration of bankruptcy. That project, he continued, demanded the formation of a national cabinet responsible to the Parliament. Ismā'il added that in response to these demands, Prince Tawfīq, then Prime Minister, handed in his resignation, and that Sharīf Pāshā--who had attested to the validity of the *dhawāt's* signatures to the "Lā'ihah"--was designated to form the new cabinet of purely national elements.³ Although the formation of a national cabinet was not in itself among the demands made in "al-Lā'ihah," it was a step consistent with the prevailing public mood.⁴ The foreign representatives were handed a package which included the official French version of "al-Lā'ihah." In addition, it contained an extract from the Majlis's petition of March 29th which expressed its grievances against the ousted cabinet, and a declaration by the Khedive dated April 5th which echoed the same position of "al-Lā'ihah" regarding

¹ The master source on this meeting is the Consular correspondence contained in the Parliamentary Papers. There is also a good coverage in *The Times*. Similar accounts can be found in Ṣubḥī, vol. 4, p.33; de Leon, p. 65; al-Ayūbī, pp. 478-480; Cromer, vol. 1, pp. 99-105; al-Rāfi'i, *ʿAṣr Ismā'il*, vol. 2, p. 185; Sāmī, vol. 3 pt. 3, pp. 1568-1569. al-Ayūbī, who seems to rely heavily on the British consular correspondence, gives the date of the meeting as April 9th, probably working it back from the Hijrah calendar date. In Sāmī's account, the sequence of some events seem to be reversed.

² Lascelles to Salisbury, 7/4/1879, *Parliamentary Papers, 1878-1879, Egypt 5* (1879), vol. 78, pp. 94-95; *The Times*, 8/4/1879.

³ Lascelles to Salisbury, 7/4/1879, *Parliamentary Papers, 1878-1879, Egypt 5* (1879), vol. 78, pp. 94-95; *The Times*, 8/4/1879.

⁴ This is notwithstanding speculations at the time the national assembly was mobilized that the formation of a national cabinet would be part of the national project. See *al-Tijārah* 5/4/1879, quoted in full by Ḥāmid, *al-Mu'araḍah al-Waṭaniyah*, p. 55. See also al-Ṭanāḥī's introduction to 'Abduh's memories in 'Abduh, p. 50 n. 1.

Egypt's solvency. In an apparent response to the constitutional demands made in "al-Lā'ihah," the Khedive's declaration confirmed the repudiation of personal rule.⁵

The fact that "al-Lā'ihah" was submitted to foreign agents as part of a package that included other documents (viz. March 29th petition and the Khedive's declaration) led a number of scholars to refer to the various components of that package as separate documents constituting together "al-Lā'ihah," or as separate parts of the one document known by that name.⁶ This is incorrect. The document which appears in official publications and in compilations from official records under the title "al-Lā'ihah al-Waṭaniyah" does not include the declaration of the Khedive. That declaration was made in response to "al-Lā'ihah," but was not in itself part of that document. The Khedive was the recipient of the Lā'ihah, not a party to it (See Appendix IV).

After Ismā'il finished his speech, Sharīf, the designated Prime Minister, spoke against the dismissed cabinet. Among the causes of national discontent, Sharīf emphasized the anticipated measures in Wilson's plan, particularly the abolition of al-Muqābalah and the assumption of bankruptcy. Sharīf also criticized the way Majlis al-Nūwāb was treated, and the insult implied in attempting to send the delegates home against their wishes.⁷ Sharīf was thus emerging as spokesman of the National Assembly. This was the second time that he acted as spokesman to foreign representatives against the European cabinet. Two weeks earlier, he had written to the British Consul emphasizing that foreign ministers could be kept in office by force only, and insisting on the need for a cabinet which consisted of reliable and highly respected national ministers. In that letter, he had added that personal rule was unacceptable, then or in the future, that the Khedive would rule through the Council of Ministers, and that the Council would be individually and

⁵ There are various allusions to this declaration. See *The Times*, 19/4/1879; Cromer, vol. 1, pp. 100-103; Schölch, *Egypt for the Egyptians*, p. 90; Ḥāmid, *al-Mu'araḍah al-Waṭaniyah*, p. 55; al-Ayūbī, pp. 479-480. See Appendix IV for further details.

⁶ Schölch, Ḥāmid and al-Ayūbī make such a judgment. Schölch, *Egypt for the Egyptians*, p. 90; Ḥāmid, *al-Mu'araḍah al-Waṭaniyah*, p. 55; al-Ayūbī, pp. 479-480, cf. al-Rāfi'i, *ʿAṣr Ismā'il*, vol. 2, pp. 183-184.

⁷ Lascelles to Salisbury, 7/4/1879, *Parliamentary Papers, 1878-1879, Egypt 5* (1879), vol. 78, pp. 94-95. This is also summarized in Schölch, *Egypt for the Egyptians*, pp. 89-90.

collectively responsible to the Khedive.⁸ Interestingly, this last point differs from the demands made in "al-Lā'ihah" that the Council should be responsible to the Majlis. Sharif's letter--dated prior to the signing of the Lā'ihah--was an indication of the divergence of interests between the *dhawāt* and the *a'yān* on this point.

Although there are enough reasons to suspect that the move against the European cabinet was not entirely unexpected,⁹ the proceedings of the 7th of April involved several disturbing steps from the perspective of European powers. First, the movement toppled a cabinet with two European Ministers who, under European pressure, were confirmed in their positions with expanded powers less than two weeks earlier through the declaration of the 9th of March and the formation of the second European cabinet (Tawfiq's cabinet) on March 22nd. Second, it challenged the principles of fiscal reorganization (viz. Wilson's draft proposals and the anticipated Commission's plan) which were developed by European-dominated

⁸ This letter is mentioned only in Schölch. I relied on the summary given by him. The letter is said to have been addressed to the British Consular on 24/3/1879. Among the causes of resentment, Sharif is said to have specified the disbanding of the army, forced early sale of harvest for purposes of tax prepayment, cuts in public spending leading to the closing down of schools and welfare institutions, and excessive administrative expenses due to the infiltration of the government by highly-paid Europeans. He suggested that the resulting state of anarchy would only be desirable to England if she was contemplating an occupation of the Canal zone, a step which would result in a bloody war. The main line of thought, as paraphrased by Schölch, is consistent with what one would generally expect, with perhaps the surprising explicit allusion to possible colonialist aims of England. Schölch says that there is no mention of this document in the "English reports," which I take to mean the British Consular reports. I have checked these myself for the period indicated and could not find any mention of that letter. See Schölch, *Egypt for the Egyptians*, pp. 85-86, citing MAE-pol. corr., vol. 63 (Cairo, 4/4/1879).

⁹ In one of his letters to Salisbury, Lascelles claimed that the Khedive's dismissal of the cabinet and his announcement of the counter-plan was a sudden move which followed his receipt of the draft proposals of Wilson. The same is repeated later in Salisbury's directives to Vivian when the latter returned to Egypt in late April. This contradicts the clear anticipation of the counter-plan almost two weeks before it was submitted to the foreign agents. On 29/3, *The Times* carried news, reported earlier in *Mémoires Diplomatiques*, that Ismā'il disapproved a scheme concerted between the European Ministers and the Debt Treasury, equivalent to a suspension of payments.... [H]e has drawn up a counter-scheme,... which will shortly be notified to the English and French Consuls.

Lascelles' claim that the counter-plan was a sudden move was also later contradicted by Alderman M'Arthur, a member of the British Parliament, who visited Egypt and later told *The Times* in August 1879 that Vivian was informed "three weeks beforehand of the intended tumult." See Salisbury to Vivian, 25/4/1879, *Parliamentary Papers, 1878-1879, Egypt 3(1879)*, vol. 78, p. 3 cf. *The Times*, 29/3 and 12/8/1879.

bodies and embraced a national plan which rejected the premise and details of the anticipated European plan. Third, it involved a rapid appointment of a cabinet dominated by the old guards without prior clearance with the European powers. Fourth, it presented the above steps as measures for salvation from a state of widespread public disorder and restlessness for which the ousted European cabinet was squarely blamed. Fifth, the proceedings were carried by the application of great energies to mobilization efforts, which were detected by the European powers but were not possible to stop or control.

Consequently, there were enough elements in the 7th of April, from the perspective of Lascelles, to warrant his statement that "[w]hat had just taken place was in fact a *coup d'état* [sic.],"¹⁰ and for *The Times*' Correspondent to alert his readers that "little detail is necessary to make this event - **the greatest in modern Egyptian history** - thoroughly intelligible to the European public" [my emphasis].¹¹ This position was adopted in spite of the fact that there were two important aspects in the agenda of the movement which did not violate the explicit principles of the European administration. First, the movement practically confirmed and attempted to capitalize on the August 1878 Rescript, which was the supposed corner stone of the political system from the European administration's perspective. Second, the movement offered a debt settlement scheme which was either of equal or better terms than Wilson's, and was hence not adverse to the European objectives behind the fiscal and administrative reorganization of Egypt. As developments shortly proved, the steps taken on April 7th were perceived as a "coup" neither because of institutional developments that contradicted the Rescript nor because they sacrificed the creditors' dues more than the Commission of Inquiry's plan. Rather than either of these reasons, this perception was the result of the unilateral forcing of changes by traditional domestic powers, and the consequent retraction in direct European presence in top state administration. It is in this respect that the April movement contradicted the trend that had existed since 1876, notwithstanding its very apparent attempts to reconcile with the principles of European administration.

This was also the time when speculation began on the existence of a "national party." In one of the earliest usage of this term, *The Times* Correspondent in Cairo

¹⁰ Lascelles to Salisbury, 9/4/1879, *Parliamentary Papers, 1878-1879, Egypt 5* (1879), vol. 78, pp. 109-110.

¹¹ *The Times*, 19/4/1879.

saw a link between increased European influence, "which came to regenerate the country," and the April movement, which was "avowedly working from the standpoint of Egypt for the Egyptians."¹² In the same issue, the editorial column expressed fears that the movement in Egypt might have a contagious effect that would threaten similar reactions in the Orient and may consequently upset Britain's "Eastern schemes and hopes."¹³ As will be shown later, the general alarm which the April movement generated led to systematic confrontation by European bodies of Sharif's cabinet on all fronts.

2. Appointment of Sharif's National Cabinet

On the same day, April 7th, Ismā'il addressed a letter to Sharif appointing him as Prime Minister.¹⁴ At the outset, the letter enunciated the principle that it was the Khedive's duty, "[c]omme Chef d'Etat et comme Egyptien," to respond fully to the will of the Nation.¹⁵ 'Abd al-Rahman al-Rāfi'i suggests that this was the first time Ismā'il made an official recognition that the duty of the Head of State was to respond to the nation's will.¹⁶ If this was the case, it would also probably be the first such recognition in the modern history of Egypt. On the basis of that principle, the letter reviewed the record of the previous cabinet and found that it aroused resentment and discontent. By the same criterion, the financial plan proposed by Wilson was unacceptable and insulting to national sentiments. In accordance with the principle that it was the Khedive's duty to respond to the nation's will, the letter continued, it was his duty to subscribe fully to al-Maḥḍar al-Ahli (viz. "al-Lā'ihah

¹² Ibid., 16/4/1879.

¹³ Ibid., 16/4/1879.

¹⁴ The official French version of this letter can be found in Lascelles to Salisbury, 10/4/1879 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 111-112. An official Arabic version was published in *al-Waqā'i' al-Miṣriyah*, 13/4/1879, and can also be found in several references. See *Fihrist al-Awāmir al-'Āliyah 1876-1880*, pp. 71-72; al-Rāfi'i, *'Aṣr Ismā'il*, vol. 2, pp. 184-185; Sarhank, p. 364. Ṣubḥī notes that this is not identical to the official French text, which is the version kept in the royal registers, and that it suffers from "total alterations." Accordingly, he produces an Arabic translation of the French text and includes it together with the Arabic version. See Ṣubḥī, vol. 5, pp. 109-110 cf. ibid., pp. 107-108. However, although al-Rāfi'i relies on the official Arabic version as it appeared in *al-Waqā'i' al-Miṣriyah*, he records in several notes the discrepancies between this and the French version. An English translation of the letter of appointment can also be found in *The Times*, 23/4/1879, 114. This is also summarized in al-Ayūbī, p. 481 and excerpts from it can be found in Cromer, vol. 1, pp. 104-105.

¹⁵ Lascelles to Salisbury, 10/4/1879 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 111-112.

¹⁶ al-Rāfi'i, *'Aṣr Ismā'il*, vol. 2, pp. 184-185.

al-Waṭanīyah"), submitted by the notables and dignitaries of the country. Accordingly, the mandate of the new Council of Ministers, "formé d'éléments véritablement Egyptiens,"¹⁷ was to fulfill the national will as embodied in "al-Lā'ihah." This implied working in two basic directions. First, the Council would implement the financial counter-plan of "al-Lā'ihah," "auquel je donne non entière approbation."¹⁸ Second, the Council would observe the principle that it should be made responsible to Majlis al-Nūwāb, and would accordingly prepare laws "sur le modèle des lois de même nature, en vigueur en Europe, tout en tenant compte des mœurs et des besoins des populations."¹⁹ Thus, by making "al-Lā'ihah" the frame of reference for the Council of Minister's mandate, two immediate tasks were implied, one of pure executive nature (implementing the financial plan) and the other of an institutional bend (elaborating parliamentary laws) that incorporated a redistribution of powers among the traditional elites. Significantly, Ismā'īl's letter to Sharif justified the prescribed parliamentary change as an enhancement of the principles laid down in the August 1878 Rescript, namely the abdication of absolute rule and the independence of the Council of Ministers from the Khedive.²⁰

Sharif's cabinet was appointed immediately on the day following the general meeting with foreign representatives, and was composed entirely of prominent figures from the *dhawāt*, with proven earlier record in the administration.²¹ This was a practical announcement of the *dhawāt*'s return to power. The significance of this step was furthered by the fact that the cabinet was formed not only without European ministers, but even without prior consultation with Britain or France, a matter which provoked immediate reactions from the two powers. The formation of the cabinet from *dhawāt* of Turco-Circassian or other non-Egyptian origin is taken as evidence against the credibility of Ismā'īl's instructions to Sharif that the cabinet should be composed of "éléments véritablement égyptiens." In Schölch's words,

the list of ministers did not represent, as might have been expected, a cross-section of the signatories of the Lā'ihah: for

¹⁷ Lascelles to Salisbury, 10/4/1879 inclsr., *Parliamentary Papers, 1878-79, Egypt 5* (1879), vol. 78, pp. 111-112.

¹⁸ Lascelles to Salisbury, 10/4/1879 inclsr., in *ibid.*, vol. 78, pp. 111-112.

¹⁹ Lascelles to Salisbury, 10/4/1879 inclsr., in *ibid.*, vol. 78, pp. 111-112.

²⁰ Lascelles to Salisbury, 10/4/1879 inclsr., in *ibid.*, vol. 78, pp. 111-112.

²¹ There are various reports on this, particularly in connection with Luṭfi, Shāhīn and Rāghib. For more details on the personal backgrounds of various ministers, see al-Ayūbī, pp. 481-482; Cromer, vol. 1, p. 105; Schölch, *Egypt for the Egyptians*, pp. 92, 330 nn. 71-72, 75.

instance, **not a single member of the Chamber of Delegates had been nominated to the government**
The 'Mamelukes' [sic.] had preserved ranks ![my emphasis]²²

As a further evidence of the relatively mediocre reward afforded to Egyptian elements in the wake of April 7 movement, it is noted that the reward of al-Mūwailihī, for example, was to be appointed as nothing more than a head of department in the Ministry of Finance, under Rāghib Pāshā.²³ This analysis, however, overlooks the essence of the Lā'ihah as a power-sharing deal among the traditional elites, with an elevation of the power of the a'yān. It would be consistent with this interpretation for the *dhawāt* to retain control over the cabinet, and for Majlis al-Nūwāb to become a legislative and supervisory body, to which the cabinet was responsible. Another observation on the composition of Sharīf's cabinet was that two pashas who were notorious for their tax-collection records, 'Umar Luṭfī Pāshā and Shāhīn Pāshā, became appointed as Inspector General and Minister of War respectively. This was a matter which Lascelles found significant. Given the pashas' "method of raising money from the fellaheen by submitting them to severe ill-treatment, and thus compelling them to raise money at a ruinous rate of interest," Lascelles suggested that their appointment indicated "that any expedient will be resorted to to enable the Government to meet its financial engagements."²⁴ Lascelles' judgment on this point was soon proven right.

(B). Immediate Agenda and Challenges: April 1879

In its early days, the agenda of Sharīf's cabinet had four immediate tasks. First, the cabinet needed to assert control over the state machinery. Second, it had to regularize its relations with various European powers and their representatives. Third, it had to mobilize sufficient funds to make good the promises of the financial counter-plan, bearing in mind that there were two coupons falling due on May 1st

²² Schölch, *Egypt for the Egyptians*, p. 92. See also al-Rafī'ī, *ʿAṣr Ismāʿīl*, vol. 2, p. 189; Sarhank, pp. 361-364; al-Ayūbī, pp. 481-482.

²³ Schölch, *Egypt for the Egyptians*, pp. 92-93.

²⁴ Lascelles to Salisbury, 11/4/1879, *Parliamentary Papers, 1878-1879, Egypt 5* (1879), vol. 78, pp. 115-116. Earlier, Luṭfī and Shāhīn were described as having been notorious for "inflicting the greatest hardships upon the population" when they were responsible for collecting taxes in previous capacities as Inspectors General of Upper and Lower Egypt respectively. See Lascelles to Salisbury, 8/4/1879, in *ibid.*, vol. 78, p. 107. Similar comments on Luṭfī can be found in other primary accounts. See Cromer, vol. 1, p. 105; *The Times*, 12/6/1879; al-Nadīm, pp. 36-37. See also Sālim, pp. 23, 45, 303 and the sources cited therein.

and that one of them was postponed by Ismā'īl reluctantly, less than two weeks earlier, under pressure from the previous cabinet.²⁵ Fourth, it had to lay the grounds for the constitutional changes envisaged in "al-Lā'ihah." These tasks were made all the more difficult by the resolute opposition of various European diplomatic and control bodies.

1. Reestablishing Control Over the State Apparatus

At the beginning, the state of affairs looked reassuring to the national cabinet as far as reestablishing control over the administration was concerned. In less than two weeks, the traditional elites regained control through a string of dismissals and resignations.

The heads of the Finance Department, who had elaborated a system of financial checks which was the first condition of reform, have all resigned. The European inspectors who were to control the fiscal officials and suppress abuses, have all been dismissed. The railways, the post-office, the Customs, and the port of Alexandria still remain in foreign hands; but the Finance and Public Works, all the Ministries, and the general administration have passed under purely native control - in short, **Egypt for the Egyptians is no longer a dream, but a reality** [my emphasis].²⁶

These departments that remained in European hands, like the Customs and the Alexandria Port, had lost their previous autonomy as independent authorities with the formation of Nūbār's cabinet, at which time they became parts of the Ministries of Finance and Public Works. With Sharīf's cabinet in power, control over these departments moved from European to *dhawāt* ministers. Part of reestablishing control was done through reversing the policies of the previous administration regarding the discharge of army troops. Three days after Sharīf took office, Lascelles reported that the dismissed officers received orders to resume duties at once.²⁷ By mid April, he reported that the force was increased back to 60,000 men, and that, for the first time, an oath was taken by the superior army officers "to

²⁵ Lascelles to Salisbury, 27/3, 28/3 and 1/4/1879 inclrs., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 84-88. See also *The Times*, 1/4/1879. This episode is also covered in al-Ayūbī, p. 476. There is a cursory mention of it in Schölch, p. 87.

²⁶ *The Times*, 26/4/1879. See also *ibid.*, 16/4 and 15/5/1879.

²⁷ Lascelles to Salisbury, 11/4/1879, *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 119.

defend the Khedive and his family against all invaders."²⁸ Arrears were settled, both for active and discharged officers, and alternative jobs were found in various government departments for those who remained on discharge.²⁹ There are indications that the army received preferential treatment, as we can infer from reports that the allocation of the War department was doubled while the allocation for Public Works was down to one-fifth of its previous level.³⁰

2. Early Confrontation with European Bodies

On the day following his designation as Prime Minister, Sharif called on Lascelles to communicate to him the composition of the new cabinet which had already been approved by the Khedive and was to be published later in the day. Lascelles immediately informed him that the formation and announcement of a new cabinet, without prior consultation with England and France, "could not fail to produce a very bad impression both in London and Paris."³¹ Lascelles' prediction was soon proven right through the variety of positions taken by different European bodies in Egypt.

One of the tactics employed by European-dominated bodies was to adopt a course of non-cooperation. This was evident in a couple of important instances. The first of these was when Sharif tried to arrange for the appointment of an English and French Controller of Public Receipts and Expenditures in conformity with prior undertakings of the Egyptian government which were confirmed by the Lā'ihah. Sharif offered those positions to Evelyn Baring (later Lord Cromer) and Bellaigue de Bughas, two central figures in the network of European financial control. They both turned down the offer on the basis that "they decline to associate themselves with a financial plan which, in their eyes, is impracticable, or with a change of system which is in direct contradiction to the engagements only recently taken by the Khedive."³² Consequently, Sharif advised Lascelles that this absolved Egypt from her responsibility for the immediate restoration of dual control, and that it was

²⁸ Lascelles to Salisbury, 15/4/1879, in *ibid.*, vol. 78, pp. 163. Other measures which the cabinet took in connection with the dismissed troops are covered in *The Times*, 26/4/1879.

²⁹ *al-Tijārah*, 21/5/1879.

³⁰ *The Times*, 5/5/1879.

³¹ Lascelles to Salisbury, 10/4/1879, *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, p. 113.

³² Lascelles to Salisbury, 9/4/1879, in *ibid.*, vol. 78, p. 108. See also al-Ayūbī, pp. 480-481; al-Rāfi'ī, *'Aṣr Ismā'īl*, vol. 2, p. 224.

left to the two European powers to appoint their respective nominees for those positions.³³ A second instance was the collective resignation of the Commission of Inquiry on April 10th.³⁴ In a lengthy letter explaining the reasons of resignation, the members of the Commission made it clear that they firmly believed a proper reform of fiscal laws and administration was conditional on the presence of a cabinet "où l'élément Européen eût une part légitime d'influence."³⁵ The viability of the Commission's plans, the letter emphasized, was conditional on the continuity of the arrangements laid in the August 1878 Rescript, "notamment le maintien des Ministres Européens."³⁶ In this way, the continuity of European elements in the cabinet was interpreted to be part of the institutional changes envisaged by the Rescript. In response, the Council of Ministers wrote to the Khedive on April 11th advising him to accept the submitted resignation. In an open dispute with the Commission over its mandate, and hence the extent to which it was entitled to impose conditions, the Council argued that the Commission's responsibilities were only consultative and that its members "ne saurait en aucun cas être engagée au sujet de l'exécution d'un plan financier."³⁷

Another course of action adopted by European bodies in Egypt was to apply direct pressure on the financial resources of the new administration to the point of threatening or creating a financial strain. Part of this pressure came from the four Commissioners of Public Debt, who represented--as explained earlier--the four countries that were major holders of the Egyptian debt, and who had the task of ensuring the due implementation of Egypt's obligations in accordance with the November 1876 Decree. This organ of financial control was interwoven with the Commission of Inquiry, which was made up of the same four officers who acted as Debt Commissioners, in addition to the two Ministers, Wilson and de Blignières. In theory, all these positions were supposed to be independent from each other. There is no provision in the decrees which authorized the formation of either

³³ Lascelles to Salisbury, 11/4/1879, *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, p. 114.

³⁴ Lascelles to Salisbury, 10/4/1879, in *ibid.*, vol. 78, p. 112; *The Times*, 19/4/1879.

³⁵ Lascelles to Salisbury, 11/4/1879 *inclsr.*, in *ibid.*, vol. 78, p. 117; *The Times*, 21/4/1879. See also al-Rāfi'i, *'Aṣr Ismā'īl*, vol. 2, p. 224.

³⁶ Lascelles to Salisbury, 11/4/1879 *inclsr.*, *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, p. 117; *The Times*, 21/4/1879.

³⁷ Lascelles to Salisbury, 12/4/1879 *inclsr.*, in *ibid.*, vol. 78, p. 120; *The Times*, 23/4/1879.

Commissions that the members of any of them held their posts in their capacity as members of the other or as holders of specific ministerial portfolios.³⁸

Pending the submission of the Commission of Inquiry's report, the Debt Commissioners had allowed arrears in payments that were due since late 1878, and had also accommodated postponements and reductions in interest. These were measures which the Commissioners themselves had sponsored, albeit in their different capacities as individuals sitting either on Nūbār's cabinet or on the Commission of Inquiry. The sponsors of the Lā'ihah may have interpreted those measures as an acknowledgment by the Debt Commissioners that debt settlement was bound to involve some dilution in the terms of the prevailing arrangements. However, following the announcement and distribution of "al-Lā'ihah," the Commissioners issued a resolution on April 19th that they were in no position to renounce any of the rights acquired by Egypt's creditors under existing arrangements, on the grounds that these had been recognized by the International Tribunals (viz. Mixed Courts) as a binding contract between the creditors and the Egyptian Government.³⁹ Any renunciation of such rights, the Commissioners pledged, could not be permitted except if those rights were modified "either by an agreement with the creditors or by a law which would be obligatory upon all persons interested."⁴⁰ Since the counter-plan was a product of some sort of initiative which neither was negotiated with the creditors nor took the character of a law recognized by the Tribunals and "obligatory upon all parties interested," there was no grounds for them as Commissioners to accept it.

Although "al-Lā'ihah" had offered better debt settlement terms than those in the Commission's plan, there were two points of detail where it deviated from the letter of the arrangements envisaged in the November 1876 decree. Both those points were related to the calculation and payment of interest on one of the four consolidated debts, the Unified Debt. In comparison to Wilson's plan, the Lā'ihah provided for a higher interest rate on the Unified Debt (6% versus 5%), but this was still lower than the stipulation in the November 1876 Decree (7%). Furthermore, the Lā'ihah provided for the withholding of 1% of accrued interest for

³⁸ See Chapter One, notes 48 and 49.

³⁹ As paraphrased in Lascelles to Salisbury, 24/4/1879, *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, p. 180.

⁴⁰ As paraphrased in Lascelles to Salisbury, 24/4/1879, in *ibid.*, vol. 78, p. 180.

enhanced amortization by way of purchase of bonds. The same mechanism had been allowed in that decree, but on the basis that the withheld amount would be one-seventh of the accrued interest. Planning a reduction in interest from 7% to 6% while withholding the same 1% meant raising the withheld proportion from one-seventh to one-sixth of the accrued amount.⁴¹ Arguably, the Commissioners could claim that the Lā'ihah carried a renunciation of creditors' rights on the basis of those two details.⁴² Presumably, they could also argue that the temporary deviations they had so far accommodated were only in anticipation of a plan that would not have been adopted, nonetheless, without the approval of the creditors, and that, therefore, such deviations did not constitute a renunciation of their rights.

Accordingly, the Commissioners made a number of resolutions. They resolved, first, to protest against any reduction of interest or charge, or against any change in the provisions of existing arrangements. Second, they demanded the full and immediate payment of £280,000 in arrears since November 1878. Third, they protested against the non-payment of the Short Loans coupon due on April 1st, which had been postponed by Ismā'il following a proposal by Wilson that was backed by the unanimous approval of the Debt Commissioners themselves albeit in their other capacities as members in the cabinet or the Commission of Inquiry. Fourth, the Commissioners demanded payment by April 30th of £1,990,754, this being a coupon of the Unified Debt due on May 1st, 1879. In a subsequent report from Alexandria, *The Times* Correspondent commented that the Commissioners "have struck a blow at this financial plan, which threatens its permanence unless it is placed under European management and is sanctioned by a law which will be accepted by the International Tribunals."⁴³

Other indications of an impending financial strain came from the British Consulate's quarters. There were two important assumptions which the sponsors of "al-Lā'ihah" made when they promised enhanced debt settlement. The first, as explained in the previous chapter, was higher inflows in the immediate and short-terms through the retention of al-Muqābalah. The second assumption was that the balance outstanding under a loan contracted with Rothschild would be shortly

⁴¹ Jallād, vol. 2, pp. 135-140.

⁴² Lascelles to Salisbury, 25/4/1879, *Parliamentary Papers, 1878-1879, Egypt 5* (1879), vol. 78, p. 183.

⁴³ *The Times*, 5/5/1879.

available.⁴⁴ This was a fresh loan over and above the Consolidated and Floating Debts of Egypt. It was contracted by Wilson in October 1878, in his capacity as Minister of Finance, and partly intended to settle the Floating Debt.⁴⁵ The face value of this loan was £8.5 million, but it was to be issued at 73% of that value (i.e. £6.205 million--see Appendix I). Some installments were already drawn by 1879. However, an amount of £3.2 to £3.5 million⁴⁶ was withheld, pending clearance of a dispute between the government and some judgment-creditors over the seizure of Domain property, which was originally ceded as security for that loan.⁴⁷ Two days prior to the issuance of the *Lā'ihah*, the Cairo Tribunal of First Instance had delivered judgment in favour of the government in a test case of the dispute.⁴⁸ Although the case was taken to the Court of Appeals, the sponsors of the *Lā'ihah* may have found enough comfort in the initial judgment to justify their assumption that the Rothschild loan would be shortly available. These hopes were shaken in

⁴⁴ "al-Lā'ihah," pp. 172-176, 180-182; Lascelles to Salisbury, 7/4/1879 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 98-100, 104-105; *The Times*, 19/4/1879; Sālim, p. 127.

⁴⁵ *The Times*, 12/6/1879.

⁴⁶ In mid-June 1879, it was mentioned in *The Times* that the outstanding balance of that loan was £3.2 million. I reached the higher estimate of £3.5 million on the basis of information in "al-Lā'ihah." The issue amount of the loan was £6.205 million as mentioned above. Of that amount, the *Lā'ihah* recognized that £1.239 million was drawn to pay a Unified Debt coupon due on November 1, 1878, leaving a remainder of some £5 million. From this, £212,500 was to be paid as commission charges, and a similar amount was earmarked for a coupon due on June 1, 1879 (which appears to be the first coupon for that loan). In addition, there was a total of some £672,000 due to the Imperial Ottoman Bank and the Anglo-Egyptian, which again were earmarked against this loan. Thus, the total payments which the *Lā'ihah* recognized as amounts payable from the remainder of the issue value of the Rothschild loan added up to some £1.1 million. According to Cromer, there was also an advance against this loan of some £400,000--made apparently in February 1879--to settle officers' arrears. The latter amount is ignored in "al-Lā'ihah." Adding all those deductions up, we reach a figure of some £1.5 million to be practically withheld from the remainder of the issue value of that loan, leaving a balance of some £3.5 million. This estimate, based on the position indicated by "al-Lā'ihah" in April 1879, can be contrasted to the £3.2 million mentioned by *The Times* in June 1879. Note that the loan had remained withheld between both dates. "al-Lā'ihah," pp. 177-178; Cromer, vol. 1, p. 78; *The Times*, 25/6/1879.

⁴⁷ In a detailed report to Salisbury on the situation of judgment-creditors at the end of February 1879, Vivian explained that 60 of them had taken such seizure ("inscriptions hypothécaire") over some Domain land in connection with claims of some FF 33.5 million (i.e. some £1.34 million). The test case on this issue was undertaken by a M. Eugene Ménager and others, and became known as *Ménager vs. Government*. For more details, see Vivian to Salisbury, 25/2/1879 and Lascelles to Salisbury, 4/4/1879, *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 59 and 90; *The Times*, 12/5/1879 and 12/6/1879.

⁴⁸ Lascelles to Salisbury, 31/3 and 4/4/1879 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 86, 90.

Lascelles' first meeting with Sharīf as designated Prime Minister on April 8th. In that meeting, Lascelles hinted that the funds anticipated under the Rothschild loan might be withheld from the existing political regime. Even if legal matters were cleared, Lascelles explained, "as it had been found possible, by the mere word of the Khedive, to upset a Ministry ... it would not be unreasonable to entertain a doubt as to the stability of the Administration of the ceded property [viz. the Domain]." ⁴⁹ By implication, the loan should therefore be withheld on political basis, regardless of the legal situation. Lascelles' threats were no empty gestures, as later developments were soon to prove.

In the face of these pressures, Sharīf's cabinet followed a self-assertive policy in confronting what it perceived to be treading on her domain. On the question of having European ministers in the cabinet, Sharīf Pāshā significantly emerged as a stringent opponent to that possibility. During a meeting with Vivian, the Khedive regretted that the dismissal of European Ministers led to a confrontation with the European powers, and explained that the cabinet must be consulted on any proposal for their reinstatement. In a subsequent meeting, Sharīf was non-compromising on the issue of European direct control of the administration.

[Sharīf Pāshā] declared to me that, while the apology for what had taken place concerned the Khedive, who was alone responsible for any offence towards the Powers [sic.] or for the breach of any of the engagements into which he had entered, the question of the reinstatement of European Ministers was one for the consideration of the Cabinet [sic.] who were determined not to allow His Highness to agree to it, even if he should be inclined to do so. They would resign and leave the Khedive to his fate if he should yield in spite of them [Nevertheless,] they were prepared to submit to the most stringent control that could be devised.

I do not think that the Ministry are likely to yield on this point.⁵⁰

The apparent paradox in accepting European control, but not European ministers can be explained in the way the cabinet perceived of the functions of such bodies. This had been revealed earlier in its comment on the Commission of Inquiry's resignation. As stated above, the cabinet clearly considered the Commission's

⁴⁹ Lascelles to Salisbury, 10/4/1879, in *ibid.*, vol. 78, p. 114.

⁵⁰ Vivian to Salisbury, 4/5/1879, *Parliamentary Papers, 1878-1879, Egypt 3(1879)*, vol. 78, pp. 6-7; *The Times*, 27/4/1879.

mandate to be of consultative nature, in contrast to an executive nature. From the perspective of the cabinet, this meant that the Commission was there to give advice, but not to take decisions. As long as decision-making remained the cabinet's domain, and as long as the cabinet remained under the control of the traditional elites, a space could be allowed--from the perspective of those elites--for European bodies in other capacities. This was another manifestation of the issue of defining a space for European presence which was discussed in the previous chapter. The position of the cabinet against the presence of European ministers was retained even after Ismā'il was later deposed.⁵¹

3. Formal Adoption of the Financial Plan and Mobilization of Funds

While various were taking place in the talks with the representatives of European powers, the financial counter-plan was formally adopted by the cabinet as the basis for financial settlement by a decree issued on April 22nd.⁵² The decree incorporated the plan as prescribed in "al-Lā'ihah," including the deviation from the November 1876 Decree in connection with the calculation and payment of interest on the Unified Debt. On the other hand, this decree provided for a possible enhancement in the liquidation of Floating Debts by allocating all unencumbered government property to that purpose. The decree stipulated that the sale of any such property would be monitored by a commission, duly formed of predominantly Floating Debt holders, and that proceeds secured in that fashion may allow a quicker liquidation of Floating Debts than envisaged in "al-Lā'ihah" (four and a half years).⁵³ On May 31st, a commission was formed to undertake the liquidation of Floating Debts as per this decree.⁵⁴

On the other hand, it did not take long before the cabinet began its attempts to raise some £2.25 million for the Unified Debt and Short Term coupons due on May 1st. This was done against the background of a skeptical attitude in European circles and the Commissioners' resolutions against the counter-plan. The ability to meet the payments was the acid test for the credibility of the Lā'ihah and its sponsors. The

⁵¹ *The Times*, 3/7/1879.

⁵² The April 22nd decree can be found in Jallād, vol. 2, pp. 185-186. The text of that decree can also be found in *Fihrist al-Awāmir al-'Āliyah 1876-1880*, pp. 91-93 and in Lascelles to Salisbury, 25/4/1879 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 184-185. There is a brief commentary on it in al-Rāfi'i, *ʿAsr Ismā'il*, vol. 2, pp. 225-229.

⁵³ Jallād, vol. 2, p. 186.

⁵⁴ *Ibid.*, p. 169; *Fihrist al-Awāmir al-'Āliyah 1876-1880*, pp. 98-99.

government proceeded to collect within a time constraint of less than three weeks as many funds as possible by way of land tax and Muqābalah, and resorted in this respect to its most experienced tax-collectors. Three days after the cabinet was formed, it was reported that "the notorious Omar Pāshā Loutfi has left for Upper Egypt to extort taxes from the population."⁵⁵ Simultaneously, Shāhīn Pāshā, the other "notorious" tax collector in the administration, was despatched to the countryside for the same purpose.⁵⁶ Two weeks later, Lascelles sent to Salisbury extracts from letters by the British Consular Agent at Zaqāziq, a Mr. Felice, describing how peasants were forced to raise funds for the land-tax through the old-proven resources of money-lenders at some 4 or 5 per cent per month.⁵⁷

The magnitude of the needed funds, however, was beyond the means of village money-lenders. In the absence of foreign support, domestic sources much larger than the means of those lenders had to be secured. Here, domestic private bankers emerged as a possible alternative, even if only partially. On April 21st, *al-Tijārah* carried the following news among its domestic affairs corner:

We learnt that many of the leading bankers (*al-ṣiyāriffa al-tujjār*) have gone to the capital last evening to offer their assistance to the government in whatever means she would require[,] and expressed their desire to make a demonstration of their support for her.⁵⁸

A number of relatively large transactions were arranged for peasants and cultivators through the offices of the government, members of the Majlis, and prominent figures among the traditional elites. These seem to have followed the general

⁵⁵ *The Times*, 11/4/1879.

⁵⁶ de Leon, pp. 65-66; Lascelles to Salisbury, 19/4/1879, *Parliamentary Papers, 1878-79, Egypt 5* (1879), vol. 78, p. 175.

⁵⁷ Extracts from private letters addressed by a Mr. Felice to Raphael Borg in Lascelles to Salisbury, 26/4/1879 inclsr., *Parliamentary Papers, 1878-79, Egypt 5* (1879), vol. 78, p. 186. There are various reports that as a result of extortion, living conditions in the countryside continued to deteriorate. Mr. Baird, the Famine Commissioner, described various scenes of what the Correspondent of *The Times* labeled starvation amid plenty. Corn was abundant and the famine resulted from the lack of money. That report included the testimony of a woman whose father, husband, and living children practiced begging for a living. This account is not the same as the one given by Baird in late March under the second European cabinet (cited in Chapter Three), although they are similar for all other intents and purposes. See *The Times*, 24/5/1879. Ṣalāh 'Īsā gives various examples of brutal dealings with the peasants, some of which during Sharīf's cabinet, and some earlier. See 'Īsā, pp. 143-145.

⁵⁸ *al-Tijārah*, 21/6/1879.

principle of lending against the future delivery of crops, mostly grains. They were advanced under some sort of collective arrangements, each governing a different province and/or type of payment (viz. Muqābalah or land-tax). From the various allusions in *The Times*, at least two such transactions may be identified. One report written on April 27th referred to a loan of £400,000 to corn landowners who were anxious to settle arrears on al-Muqābalah. Since Muqābalah payments were generally not made by small proprietors, we may assume that the borrowers were at least medium size landowners. The funds were advanced by "certain well-known banking houses [that] appeared on the scene quite ready to advance £400,000."⁵⁹ Another report dated May 12th referred to a loan advanced from "a certain banking firm of Cairo" under pressure of tax demands. The loan was advanced to peasants in Upper Egypt "at the request of ten of their Parliamentary Delegates," and "[a] certain number of Princes and Pashas gave their personal guarantee for the execution of the contract."⁶⁰ The pledged crop, 320,000 *ardab* of corn and beans, was to be disposed of in the open market on agreed dates and the lenders were given preference over other buyers to get the crop at the current market price if they so wished. The sale was to be organized by the government, who charged fees and commissions to the borrowers. The amount of the loan was not specified, but it was mentioned that a similar kind of transaction involved a loan of £300,000 a year earlier.⁶¹ Thus, an amount of some £700,000 may have been raised through these two transactions only.

However, reports indicate that in April 1879, there may have been other loans arranged and received from domestic bankers in the same fashion as the two deals outlined above. After going through the *modus operandi* of one of those deals, the report in *The Times* concluded "and an old story is once more repeated."⁶² Furthermore, the May coupon of 1878 seems to have been paid through a similar arrangement.⁶³ Either that or another similar loan was advanced against the guarantee of Princes Tawfiq (later Khedive Tawfiq), Ḥassan, Ḥusayn Kāmil, as

⁵⁹ *The Times*, 5/5/1879.

⁶⁰ *Ibid.*, 21/5/1879.

⁶¹ *Ibid.*, 21/5/1879.

⁶² *Ibid.*, 5/5/1879.

⁶³ *Ibid.*, 21/5/1879.

well as 'Umar Luṭfī Pāshā and Shāhīn Pāshā.⁶⁴ The presence of a number of guarantors of that status--possibly on joint and several bases--is indicative, first, of the relatively substantial and perhaps exceptionally large size of those loans, and, second, of the network of contacts that needed to be mobilized for arranging such transactions.

All of the above transactions were wholesale loans, arranged by the government on the account of borrowers in the countryside. In addition, the government borrowed directly from domestic bankers on her own account. In late April, the Money Market Intelligence section in *The Times* contained the news that a loan of 10,000,000f. [equivalent to some £400,000] was obtained "by the Khedive" from an exclusively Egyptian party, and was collateralized by a stock of grain to be delivered to the lenders at fixed intervals.⁶⁵ We learn from 'Urābī's memoirs that in June of that year, he was assigned the task of delivering to four domestic banking firms, including Cattau and Menasce, the quantity of 700,000 *ardab* of grains received from Upper Egypt. This, 'Urābī continued, was on the account of £500,000 borrowed by the government to settle her debts.⁶⁶ Around the same time when 'Urābī was delivering grains for payment of loans, a retiring British official in Egypt was paying a farewell visit to the Khedive and made the sarcastic remark that "[b]ankers, or people who in Egypt are called by courtesy bankers, were hanging about."⁶⁷ The description depicts an image of bankers swarming at the doorstep, either to offer further services or to claim back their monies. This might not have been the first time that the government directly borrowed from domestic bankers, or at least considered them as a source of funding. According to Lord Cromer, British officials negotiated with a local banking firm early in 1879 to fund the officers' arrears before they ultimately settled down for an advance from Rothschild against the latter's withheld loan.⁶⁸

⁶⁴ Names of guarantors as given in Schölch, *Egypt for the Egyptians*, pp. 76-77. The account given there is close, but not identical, to the one given in *The Times* regarding 1878 coupon. No citation is provided.

⁶⁵ *The Times*, 24/4/1879.

⁶⁶ *Mudhakkirāt al-Za'im Aḥmad 'Urābī*, vol. 2, p. 249. In an earlier edition of his memories, 'Urābī mentions a similar transaction which took place apparently in February 1879. See 'Urābī, vol. 1, pp. 47-48.

⁶⁷ Extracts from a private letter, published anonymously in *The Times*, 3/7/1879.

⁶⁸ Cromer, vol. 1, p. 78; Lascelles to Salisbury, 27/3/1879, *Parliamentary Papers, 1878-79, Egypt 5 (1879)*, vol. 78, p. 84.

As a result of this mobilization, the government succeeded in raising enough funds to pay a 5% coupon on the Unified Debt and the full amount of the Short-term coupon. The ability of Sharif's cabinet to mobilize domestic sources in contrast to the European cabinet was soon acknowledged. *The Times* contrasted the collection of £ 1.1 million in five months under the European cabinet to the collection of more than £ 1.0 million under Sharif's cabinet in April only,⁶⁹ and shortly concluded that the government "has surprised everybody by its strength [W]hen, with marvellous rapidity, it collected money enough to meet the May coupon at the 5 per cent. rate, people began to pay it more respect."⁷⁰

Although the payment of the May coupons was a temporary relief for the government, the position concerning Floating Debts still required some immediate action. There were a few encouraging signs for this group of creditors within April. First, there was the promise made in "al-Lā'ihah" of an immediate payment of some LE 2.145 million. The April 22nd Decree confirmed that promise, and expressed an inclination to an even quicker final settlement than that envisaged in the Lā'ihah, vesting a good deal of it in the hands of a Commission dominated by Floating Debt holders. Second, the payment of the May coupons from domestic sources must have been a source of comfort for judgment-creditors in particular, who had always feared that they may be forced to accept compromises to the benefit of holders of other debts. Those fears were substantiated by the prior diversion of portions drawn under the Rothschild loan--originally intended to settle Floating Debts--to other uses, and the rumors in March that the payment of the May 1st coupon of the Unified Debt would be made out of the remaining proceeds of that loan.⁷¹ It must have comforted those creditors that payment of this coupon was eventually made, under Sharif, from other funds. Third, the judgment delivered by Cairo Tribunal of First Instance in favour of the government may have signaled a timely release of the Rothschild loan. Notwithstanding prior diversions, the remaining balance (some £3.2 to £3.5 million) would have been sufficient to fund at least 85% of the immediate payments promised to Floating Debt holders.⁷² All this may have

⁶⁹ *The Times*, 12/5/1879.

⁷⁰ *Ibid.*, 21/5/1879.

⁷¹ Vivian to Salisbury, 26/12/1878, *Parliamentary Papers, 1878-79, Egypt 5* (1879), vol. 78, p. 28.

⁷² As explained earlier, "al-Lā'ihah" promised some LE 1.5 million to settle salary and pension arrears, plus LE 2.145 million to holders of other claims. The total of these payments would be some LE 3.655 million, equivalent to some £3.75 million (at £1.00 equal to LE 0.975). The lower estimate of the outstanding

indicated an imminent arrangement with those creditors, to an extent that prompted rumors to this effect at that time.⁷³

These hopes were all shaken by Lascelles' hints in his first meeting with Sharif that the Rothschild funds may not be forthcoming. These hints were taken very seriously by the cabinet. On the same day when the April 22nd Decree was issued, Sharif called on Lascelles for the specific purpose of giving his assurances that "the Egyptian Government were firmly decided to carry out, in the most scrupulous manner, all the engagements that had been entered into with regard to the Rothschild loan."⁷⁴ This was a manifestation of the state of mind which *The Times* had recorded two days earlier, when it observed that "[a]dmirers of the National Party [sic.] have only one anxiety. They are afraid Messrs. Rothschild may raise a difficulty on account of recent changes."⁷⁵ The risk of a blocking of the Rothschild loan on political grounds was thus recognized.

(C). The Failure of the National Regime: May to June 1879

1. Repercussions of Deteriorating Prospects on the Rothschild Loan

The first signs of failure of the national cabinet's financial plans occurred with the deterioration in the prospects of getting the Rothschild loan. At the time when it appeared that legal difficulties were at last resolved,⁷⁶ the course of events took a

balance of the Rothschild loan (£3.2 million) would cover some 85.3% of that total, while the higher (£3.5 million) would cover some 93.3%. The sponsors of "al-Lā'ihah" had probably counted on some relatively minor raising of funds from domestic sources to make up for the shortfall or, if need be, they would have given priority to the European holders of the Floating Debt at the partial expense of salary and pension claims. This is consistent with the promises made in Sharif's letter of 14/6/1879 (see below).

⁷³ *The Times*, 26/4/1879.

⁷⁴ Lascelles to Salisbury, 22/4/1879, *Parliamentary Papers, 1878-79, Egypt 5* (1879), vol. 78, p. 175, reporting on a visit that took place that morning.

⁷⁵ *The Times*, 26/4/1879.

⁷⁶ For details on the legal proceedings and judgments of two courts of appeal on apparently different aspects of the issue, see *Ibid.*, 12/5/1879 and 25/6/1879. It is unclear how could the two decisions, taken only a few weeks apart from each other, be reconciled. It is possible that the dispute was carried by the government on different grounds after an unfavourable decision by the first of these courts. We note in this respect that the subject of judgment in both the court of first instance and the first court of appeal was the seizure over the property. On the other hand, the subject of judgment in the later court of appeal was the Rothschild loan itself. Regardless of the legal specifics of the case, it is clearly indicated that the later judgment meant that the loan should be released and that the government

contrary direction. Instead of releasing the funds to the government, Rothschild demanded a decree declaring that the property ceded on the account of their loan was immune from any seizure and the approval by European powers of that decree.⁷⁷ The release of the funds was thus made conditional on the European powers' endorsement, notwithstanding the resolution of the legal dispute. Both England and France denied to provide their approval on the premise of "the political aspect of the Egyptian question, and until a change occur in the latter."⁷⁸

In order to salvage the situation, it appears that some attempt(s) were made to raise funds from domestic sources by public subscription among either the "Pashas"⁷⁹ (viz. *dhawāt*), or "notables" (viz. *a'yān*), including merchants and large holders of land,⁸⁰ or notables and bankers together.⁸¹ It is unclear whether the relevant reports referred to concurrent attempts within different circles, or to one gross attempt that encompassed several circles at one time. Some of these reports mentioned that the subscription(s) was launched under the label Patriotic Loan.⁸² There are allusions that the purpose was to pay off holders of the Floating Debt.⁸³ There is no information on the amount of funds that were raised by this means, except in one account which specifies that the Pashas raised some £300,000⁸⁴ (i.e. less than 10% of the outstanding amount under the Rothschild loan) through subscription among themselves. The subscription by *dhawāt*, *a'yān*, and others should be read in conjunction with the collective undertaking made in the *Lā'ihah*. Although the label under which subscription took place included the term "Loan," what we have here sounds more like amounts donated as a gesture of national solidarity. There is no allusion to any direct return contracted as part of such subscription(s), in the same manner that characterized, for example, the *Muqābalah* or *Rūznāmah*. National subscription of a patriotic loan(s) practically attested to the seriousness of the positions taken in "*al-Lā'ihah al-Waṭāniyah*" and was a further indication of the vested interest its sponsors had in trying to make their program succeed. The

may legitimately expect "that this money will at last be placed at their disposal."
Ibid., 25/6/1879.

⁷⁷ Ibid., 16/6 and 28/6/1879.

⁷⁸ Ibid., 19/6/1879.

⁷⁹ Ibid., 27/5/1879.

⁸⁰ Ibid., 21/5/1879.

⁸¹ de Leon, "Khedive's Coup," p. 65.

⁸² *The Times*, 21/5/1879.

⁸³ Ibid., 27/5/1879.

⁸⁴ Ibid., 27/5/1879.

allusion that domestic bankers joined such non-commercial advancing of money raises questions as to whether this step--if it did indeed happen--was a gesture of solidarity on their part. More importantly, it could also be seen as an attempt to expand the ranks of the forces that originally sponsored and submitted "al-Lā'ihah" (*dhawāt*, *a'yān*, army, 'ulamā', religious dignitaries, government employees). Representatives of various state, social, and confessional groups would have thus been joined by domestic financiers in a bid to substantiating the elites' claim to an alternative fiscal organization and power distribution in their relation with European powers. Notwithstanding this expanded front, the supposed subscription(s) did not raise sufficient funds for establishing the material credibility of the collective undertaking.

2. Concerted European Move against the National Cabinet

It was not long before the European powers began a resolved and coordinated action against the counter-plan. This was based on a rejection, in principle, of any unilateral action by Egypt on the issue of financial settlement, regardless of the specific offer such action may involve. The initiative was led by Germany.⁸⁵ On May 11, Count Münster, the German Ambassador in Britain, wrote to Salisbury attacking the April Decree on the premise that it came out of "arbitrary proceedings," and that conceding to it would set a precedent for more such actions. Allowing the decree to prevail, the ambassador continued, would constitute a violation of the authority of the Mixed Courts.⁸⁶ The premise of that argument seems to have been that any arrangement affecting foreigners' rights became enforceable only if endorsed by the Courts, a condition which neither "al-Lā'ihah" nor the April 22nd Decree fulfilled since these were initiatives taken without such

⁸⁵ It is suggested by Rothstein that this initiative was taken because of the apparent difficulty in reaching settlement with the Floating Debt holders, most of whom--he says--were German and Austrian subjects. It is possible to find some supporting indications of this in the fact that Germany's protest against the April 22 Decree was partly based on the grounds that this decree overlooked judgments made by the Mixed Courts--which may have been an allusion to judgment-creditors--and in her insistence on full payment to the Floating Debt creditors if Ismā'il was to avoid deposition. German and Austrian share in the Floating Debt, however, may have not been all that large, judging from an allusion in *The Times* that £100,000 would have more than covered those claims. There are also other explanations which suggest that Germany, under Bismarck, was looking for a political role in the region. It is interesting to note here that Münster's first letter to Salisbury disclaimed any such intentions. See Rothstein p. 98, cf. *The Times*, 25/6/1879 and al-Rāfi'i, *Asr Ismā'il*, vol. 2, p. 229.

⁸⁶ Count Münster to Salisbury, 11/5/1879, *Parliamentary Papers, 1878-1879, Egypt* 3(1879), vol. 78, p. 5; Salisbury to Vivian, 30/5/1879, in *ibid.*, vol. 78, p. 7.

endorsement. This argument echoed the reasons given by the Commissioners of the Public Debt in their previous resolutions against the counter-plan. Having liaised with other powers, the Imperial Consul General of Germany in Egypt declared to the Khedive on May 18th Germany's rejection of the April 22nd Decree.

[T]he Imperial Government looks upon the Decree of the 22nd April, by which the Egyptian Government at its own will regulates the matters relating to the debt, thereby abolishing existing and recognized rights, as an open and direct violation of the international engagements contracted at the institution of the judicial reform [my emphasis].⁸⁷

Accordingly, the declaration continued, the German Government considered the decree to be "devoid of any legally binding effect," and held the Khedive responsible "for all consequences of his unlawful proceedings."⁸⁸ Between May 19th and June 14th, the German protest was followed by similar protests made respectively by Austria, Britain, France, Russia and Italy.⁸⁹ *The Times* hailed the protests as "excellent in intentions" inasmuch as they were taken against arbitrary decisions.⁹⁰ It cautioned, however, that the pretexts adopted in those protests were subject to criticism in two respects. First, there were no grounds to allege that the issuance of a Khedivial decree contradicted the Codes of the Mixed Courts. Those Codes, *The Times* explained, recognized such decrees, but gave a right of action to any foreign individual in case his rights were injured. The protest should have therefore been suspended until it was proven that the April Decree injured such acquired rights of foreigners.⁹¹ Second, protesting on the grounds of preserving creditors' rights overlooked the fact that "the rejected decree does not go so far in the repudiation of debt as did the plan which emanated from the famous Commission of Inquiry."⁹² The pretexts for protesting against the April 22 Decree, therefore, could be individually refuted. The only coherent justification for such

⁸⁷ Count Münster to Salisbury, 11/5/1879 and Vivian to Salisbury, 18/5/1879 in *ibid.*, vol. 78, pp. 5, 8.

⁸⁸ Count Münster to Salisbury, 11/5/1879 and Vivian to Salisbury, 18/5/1879 in *ibid.*, vol. 78, pp. 5, 8.

⁸⁹ See Vivian to Salisbury, 19/5 to 15/5/1879, in *ibid.*, vol. 78, pp. 8-11. See also *The Times*, 25/6/1879; al-Rāfi'i, *ʿAsr Ismāʿīl*, vol. 2, p. 229; Rothstein, pp. 97-98.

⁹⁰ *The Times*, 19/6/1879.

⁹¹ *Ibid.*, 19/6/1879.

⁹² *Ibid.*, 19/6/1879.

action was to argue for it on the pure grounds that it emanated from "arbitrary proceedings," viz. independent initiative.

There were attempts by the cabinet to contain those protests. On June 14th. Sharif wrote to the Consuls seeking their retroactive endorsement for the protested decree in order to give it the power of a legally binding international undertaking by Egypt.⁹³ In that letter, Sharif promised to repay European judgment-creditors in full from the proceeds of the Rothschild loan,⁹⁴ which was still being withheld pending the powers' approval of a Khedivial Decree. That letter came two weeks after Egypt defaulted on a coupon for some £212,500 due on June 1st, the payment of which was earmarked against the Rothschild loan.⁹⁵ By then, it was clear that the counter-plan's viability was conditional on the release of that loan. It was also clear, by then, that the loan would not be released without the approval of European powers, and hence came Sharif's desperate attempt to a belated courting of their acceptance. Sharif's letter was totally overlooked, except for an interpretation of it in *The Times* as a cancellation of the April 22nd Decree.⁹⁶ The promise that the Rothschild loan would be used to pay European judgment-creditors in full was disapproved by Britain on the grounds that this would be unjust to "native holders."⁹⁷ The April Decree, hence the counter-plan, was practically aborted. Four days later, the first news came out from Egypt that the powers called on Ismā'il to abdicate.⁹⁸ On June 26th, Ismā'il abdicated in favour of Tawfiq.

3. Aborted Parliamentary Reform

Inasmuch as the deposition of Ismā'il was a symptom of the failed financial counter-plan, it also marked the practical end of this national interregnum, and the

⁹³ See Sharif's letter to the Consul Generals of major European powers in Jallād, vol. 2, pp. 170-171. This can also be found in *Fihrist al-Awāmir al-ʿĀliyah 1876-1880*, pp. 101-102.

⁹⁴ *The Times* makes an allusion to those promises, but without relating them to Sharif's letter. See Jallād, vol. 2, pp. 170-171, cf. *The Times*, 25/6/1879.

⁹⁵ "al-Lā'ihah," pp. 177-178; *The Times*, 12/6/1879.

⁹⁶ *The Times*, 16/6/1879. There is no mention of Sharif's letter whatsoever in the reports from Vivian (up to 14/6/1879) or Lascelles (from 15/6/1879) to Salisbury in the consulted volume. There is only an allusion by Vivian on June 8th, almost a week before the letter was addressed to the Consuls, that Sharif "admitted that the Decree could not be maintained in face of our Protest." Vivian concluded that "[t]he Decree will, therefore, probably be withdrawn." Vivian to Salisbury, 8/6/1879, *Parliamentary Papers, 1878-1879, Egypt 3(1879)*, vol. 78, p. 9.

⁹⁷ *The Times*, 19/6/1879.

⁹⁸ *Ibid.*, 19/6/1879.

interruption of the steps taken towards parliamentary reform. Following the appointment of Sharif's cabinet, Majlis al-Nūwāb stayed in session in anticipation of draft parliamentary laws which the cabinet was supposed to submit.⁹⁹ Interestingly, Sharif had offered the delegates a long holiday, but "in their zeal for their country's welfare they declined to take more than ten days."¹⁰⁰ The *a'yān* were evidently intent on staying in session until the fruition of their endeavours for a new political order. Therefore, "[t]hey speedily re-assembled to elaborate the electoral law which is to produce such a Parliament as no Eastern country has ever known."¹⁰¹ On May 17th, draft proposals of an election law and a constituent law were submitted to the Majlis for their consideration,¹⁰² and a committee headed by 'Abd al-Salām al-Mūwailihī was formed for their review.¹⁰³ This was some two weeks after the national cabinet succeeded in meeting the May coupons and just one day before Germany initiated the all-powers protests against the April 22nd Decree. It may also have been in the midst of subscription efforts for the Patriotic Loan. Within less than two weeks from the submission of those constitutional proposals, however, Egypt defaulted on the June 1st coupon in absence of the Rothschild loan. Within two further weeks, the full fledged European protest was completed, Sharif's attempt to solicit the powers' endorsement for the April 22nd Decree was ignored, and the financial counter-plan of "al-Lā'iḥah"--from which the entire national aspirations derived legitimacy--was practically aborted. Shortly afterwards, Ismā'il abdicated. A decree was subsequently issued on July 6th ending the parliamentary session and the Majlis, accordingly, disbanded.¹⁰⁴ Sharif's cabinet served for a brief period before it was replaced by a cabinet headed by Riyāḍ Pāshā. European control was reinstated, albeit in a different form, before another phase of protest started in 1881 and developed into the 'Urābist movement.

The parliamentary project, however, remained latent until it was resurrected less than two years later under Sharif's second cabinet (September 1881-January 1882) and was used as a basis for his constitutional proposals to Majlis al-Nūwāb during

⁹⁹ *Ṣubḥī*, vol. 4, p. 34.

¹⁰⁰ *The Times*, 26/4/1879.

¹⁰¹ *Ibid.*, 26/4/1879.

¹⁰² The texts of these drafts can be found in al-Rāfi'i, *ʿAṣr Ismā'il*, vol. 2, pp. 194-200. A summary can be found in *Ṣubḥī*, vol. 4, pp. 34-36.

¹⁰³ A critical review of Sharif's proposals in 1879 can be found in 'Isā, pp. 210-215 and in Schölch, *Egypt for the Egyptians*, pp. 198-200. See also al-Rāfi'i, *ʿAṣr Ismā'il*, vol. 2, p. 194; 'Isā, p. 360; Ramadan, "Social Significance," p. 189.

¹⁰⁴ al-Rāfi'i, *ʿAṣr Ismā'il*, vol. 2, p. 200.

the earlier phases of the 'Urābī movement. As known, Sharif and the Majlis clashed at that time on certain issues related to the Majlis's control over the budget. Consequently, a split occurred in the ranks of the movement, and further polarization of forces took place, culminating in the use of British military forces and the occupation of Egypt in 1882.

(D) Conclusion

The national cabinet gained control over state administration without great difficulty. The cabinet, however, was faced with strong rejection by European diplomatic and debt-control bodies since its earliest days. Part of this took the form of adopting a course of non-cooperation. The most effective of that rejection was the use of various means of financial pressure by protesting against the financial counter-plan, and either the withholding of funds (the case of Rothschild loan) or making demands for payment (the cases of Public Commissioners and of Austrian and German demands for full settlement of Floating Debt).

There were clear attempts by the cabinet and the traditional elites in general to mobilize domestic funds for meeting payment obligations. Although the data is very fragmented, it is possible to make some general remarks. First, those attempts were successful at the beginning, and it was possible to raise some £2.25 million (almost 25% of the annual revenues projected in "al-Lā'ihah")¹⁰⁵ in the first three weeks only to meet immediate payments. Second, given the amount of required funds, the earliest of these attempts seem to have focused on soliciting funding from domestic bankers rather than conventional village lenders. The apparently increasing role of domestic bankers in financing tax payments and government direct borrowings was an indication of the need and the prospects for larger financial institutions that would be readily accessible by the government and the network of traditional elites. Third, an attempt seems to have been made to supplement the resources of domestic bankers by broad public subscription(s) among various groups of the traditional elites. Fourth, it was not possible to sustain the promises of payment made in the counter-plan with the continued blocking of the Rothschild loan, which constituted a significant proportion of the counter-plan's projections for immediate flows. The implication of the blocking of that Loan was that a total of some £4.6 million

¹⁰⁵ See Appendix IV.

(almost 50% of projected annual revenues) had to be raised in some two months to meet payments for May & June coupons (some £2.25 and £0.2 million) plus promised payments to European holders of Floating Debts (some £2.145 million).

The financial counter-plan, and hence the political arrangements envisaged in it, could have been salvaged had the European powers accepted Sharif's belated attempt to obtain their retroactive endorsement. What determined the ultimate position of Europe was not the specific details of the counter-plan, but the political significance of such a step, namely the perception that the counter project "assumed the dimensions of a political manifesto."¹⁰⁶ The situation was one of competition for political control, and debt was a tool in it inasmuch as liquidating the debt was a counter-tool. Allowing the counter-plan to be sustained would have amounted to giving control over Egypt's affairs back to the *dhawāt* and *a'yān*, a step which was perceived as dangerous for "Eastern schemes and hopes,"¹⁰⁷ in the words of *The Times*. This consideration led to a determined and concerted European move to abort the April 22nd Decree and, subsequently, to depose Ismā'īl. The sequence here is significant: the abortion of the Decree was followed by the deposition of Ismā'īl, and the latter was followed by the disbanding of the Majlis. The movement, which started with the objective of regaining control and which would have afforded a greater share in power for the *a'yān*, failed in proving that the collective undertaking towards "al-Lā'ihah" had a material credibility which could sustain pressures from Europe.

It was in these euphoric early days of the April-June interregnum that the call for establishing a national Egyptian bank by public subscription emerged. This was a time when the traditional elites had just made their bid for reclaiming political control, had their counter-plan accepted as the mandate for a national cabinet, "formé d'éléments véritablement Egyptiens,"¹⁰⁸ and were embarking on a campaign to prove the credibility of their undertaking and to justify their bid to power. Inasmuch as the political significance of the financial counter-plan was central to European reactions, the traditional elites were also aware of the political significance of their national bank project. This manifested itself in a sense of urgency that could be detected through two documents that embodied this call. Notwithstanding the

¹⁰⁶ *The Times*, 16/4/1879.

¹⁰⁷ *Ibid.*, 16/4/1879. For the full quotation, see note 13 above.

¹⁰⁸ See note 17 above.

remark that "the astonishing success of recent revolutionary manifestations at Cairo makes the natives very sanguine of some startling result"¹⁰⁹, national banking calls anticipated the pressures that the national cabinet faced. Consequently, the enthusiasm that underlied the call for a national bank was tampered with a tone of concern that failing to bring into being would mean the ultimate frustration of the entire national project.

¹⁰⁹ *The Times*, 16/4/1879.

Chapter Five: The National Bank Project: Visions of Economic Salvation

At the time "al-Lā'ihah al-Waṭāniyah" was issued, there were parallel calls made for the establishment of a national bank. We have records for two such calls. The first is a proposal by a Syrian lawyer, Amīn Shumayyil, for establishing a joint-stock bank with a capital of LE14 million. A prime objective of the proposed bank, to which Shumayyil gave the name al-Bank al-Ahlī,¹ was to convert Egypt's foreign public debt into a domestic debt and to fully liquidate it within a 28-year period. There are two documents available in connection with this call. One is a summary in *al-Ahrām*, which focuses on financial aspects of the allocation of capital and profits among various uses, including debt purchase. The other is a letter to various newspapers, in which Shumayyil criticized a competing project whose proposed capital was LE2 to LE4 million, and argued that it did not respond to urgent national needs. A translation of this letter is given in Appendix V. This bank, it appears, carried a bias towards urban commercial activities.

The second record for a national bank proposal is a communiqué, or a *manshūr*, reportedly sponsored by two leading figures of the traditional elites, 'Umar Pāshā Luṭfī and Muḥammad Pāshā Sulṭān. The *manshūr*, which significantly carried the title "Inmā' al-Māl" ("The Nurturing of Wealth"), constituted a call on the public to subscribe for the establishment of a joint-stock bank, to which it gave the name al-Bank al-Waṭānī al-Miṣrī. The call for public subscription was addressed to everyone, "from the servant (*al-khādim*) who would purchase one share to the rich master (*al-sayyid*) who would subscribe by the thousands,"² but the capital of the proposed bank was not specified. This bank was conceived mainly as an agricultural credit bank, which focused on the village-debts crisis and the threatened loss of agricultural land to foreigners. There was an allusion to the public debt crisis, but only by way of drawing the general context. A translation of "Inmā' al-Māl" is given in Appendix VI.³

¹ The bank proposed by Shumayyil should not be confused with al-Bank al-Ahlī al-Miṣrī (The National Bank of Egypt) which was founded in 1898 with the blessing of British authorities.

² "Inmā' al-Māl," in Salīm Khalīl al-Naqqāsh, *Miṣr lil-Miṣriyyin* (Alexandria, 1884), vol. 6, p. 135. See also Appendix VI, paragraph 13.

³ Appendices IV and V contain further notes on the sources of Shumayyil's letter and "Inmā' al-Māl."

Both calls were compatible with "al-Lā'ihah" in several aspects. First, they envisaged the establishment of the bank through public subscription, and hence appealed to the same spirit of collective responsibility manifested in al-Lā'ihah. Second, they both perceived of the promotion of a major national business enterprise as a defense against European domination. Third, although both were presented as projects for national salvation--albeit with different emphasis--the project was necessarily a shareholders' bank proposed by private initiatives independent from the government. Notwithstanding this general congruence, each proposal conceived of a different type of a bank thus making it evident that the idea of a national bank also bore a variety of concepts.

(A) The National Bank and Public Debt: Amīn Shumayyil and al-Bank al-Ahlī

1. Connection to the National Political Movement

On April 10th 1879, two days after the formation of Sharīf's cabinet, *al-Ahrām* carried a summary of a project for establishing a joint-stock commercial bank.⁴ The proposed bank, which carried the name al-Bank al-Ahlī, had among its prime objectives a phased purchase of Egypt's public debt. The connection between the proposed bank and the political movement was manifested in its timing, venues and conception. It seems that an earlier summary of that project was published in the daily *Ṣadā al-Ahrām* on April 7th,⁵ the same day that foreign representatives were convoked to meet with Ismā'īl and "al-Lā'ihah al-Waṭanīyah" was made public. We are told that merchants and a'yan had discussed this project in a meeting held at Rāghib Pāshā's residence on April 4th,⁶ i.e. in the few days separating between the submission of "al-Lā'ihah" (April 2nd) and the dismissal of the European cabinet (April 7th). The choice of place was significant. Not only was Rāghib Pāshā's residence one of the main meeting points in the mobilization of the National Assembly, but Ismā'īl Rāghib himself became Minister of Finance in Sharīf's national cabinet, appointed on April 8th.

The connection between al-Bank al-Ahlī and "al-Lā'ihah al-Waṭanīyah" was not missed in *al-Ahrām*. In its commentary on the project, *al-Ahrām* emphasized that

⁴ *al-Ahrām*, 10/4/1879.

⁵ Sālim, p. 134, citing *Ṣadā al-Ahrām*, 7/4/1879.

⁶ 'Abd al-'Azīm Ramaḍān, "Niṣf Qarn min Kifāh al-Burjuwāziyah al-Miṣriyah li-Inshā' Bank Miṣr," *al-Kātib* 11 (April 1971): 174 without citation and in idem., *Ṣirā' al-Tabaqāt fī Miṣr, 1837-1952* (Beirut, 1978), p. 87 citing *al-Tijārah*, 17/4/1879.

the prevailing political situation deemed it necessary to look into the country's finances. Whether the European powers accepted "al-Lā'ihah" or rejected it, *al-Ahrām* argued, al-Bank al-Ahli was an essential project for the national movement. If the "al-Lā'ihah" was accepted, "the bank would be its backbone, support and true guarantee."⁷ If not, "this bank would be **the only means** to get rid of the interference by the foreigner" [my emphasis]⁸. This is a mirror image of a comment on the 1879 movement which Lord Cromer made at a much later date.⁹

The project was conceived by Amīn Shumayyil, a Syrian lawyer in Egypt who had an evidently active intellectual record. In its introduction to the project, *al-Ahrām* described Shumayyil as "that honourable man of knowledge and wisdom ... Amīn Shumayyil."¹⁰ At the same time when his project was presented, he wrote a series of articles in *al-Tijārah* on the principles of constitutional rule.¹¹ We also learn in Martin Hartmann's study on the Arabic press of Egypt that Shumayyil published in Cairo a weekly paper under the name *al-Huqūq* starting in 1886.¹² In the early 1890s, *al-Hilāl* carried Amīn Shumayyil's name as one of the four vice-chairs elected for the newly formed Lawyers Association.¹³ What we have here, therefore, is a project proposed by an individual from the Syrian Christian intelligentsia, the same socio-ethnic group from which came Salīm Taqlā (owner and editor of the daily papers *al-Ahrām* and *Ṣadā al-Ahrām*), Salīm al-Naqqāsh (owner of the daily nationalist papers *Miṣr* and *al-Tijārah* and editor of the former), and Adīb Ishāq (editor of *al-Tijārah*). *Miṣr* and *al-Tijārah* were outspoken supporters of the national cabinet in 1879. Both Naqqāsh and Ishāq were among the

⁷ *al-Ahrām*, 10/4/1879.

⁸ *Ibid.*, 10/4/1879.

⁹ Cromer said that the "manouever" could have succeeded had the financial plan not been "undoable." Cromer, vol. 1, p. 109.

¹⁰ *al-Ahrām*, 10/4/1879. In its description of Shumayyil, *al-Ahrām* uses the expression "the famous Khawājah." The last term is usually used to refer to foreigners, but I believe it had another usage as well where it referred to non-Muslims who worked in certain urban professions, including merchants. I think it is this usage which was intended in reference to Shumayyil. I am making this judgment on the basis of occasional observations of various media productions from the late nineteenth up to the mid-twentieth centuries. On this basis, I hesitate to use "foreigner" as an equivalent for "Khawājah" in this specific case.

¹¹ *al-Tijārah*, May and June 1879. I found six articles of this serial between 15/5/1879 and 19/6/1879. The first of these was in continuation of earlier articles, but I could not ascertain when did they start since earlier volumes of this periodical were missing. The article of 19/6 was the last in the series.

¹² Martin Hartmann, *The Arabic Press of Egypt* (London, 1899), newspaper serial number 5.

¹³ *al-Hilāl*, vol. 1 (1893), p. 381.

leading intellectuals of the earlier phases of the national movement in 1881-1882. The project conceived and submitted by Amīn Shumayyil, therefore, was another product of the interaction of Syrian intelligentsia with the Egyptian political context at that time.¹⁴ This had its implications regarding the definition of nationalism, a matter which was evident in *al-Ahrām*'s commentary on Shumayyil's proposal, which emphasized linguistic, rather than territorial or religious factors, as a common bond:

[V]erily, there are experienced and capable men among the children of our tongue, who are able to mend any aberration should the justice [of decision-makers] permit them to act.¹⁵

As we shall see later, this is in sharp contrast with the emphasis on territorial bonds expressed in "Inmā' al-Māl."

2. Structural Elements of al-Bank al-Ahlī¹⁶

al-Bank al-Ahlī was proposed as a "Great bank,"¹⁷ whose structure was conceived in accordance with what Shumayyil perceived of as necessary conditions for the public interest. Shumayyil proposed that the bank would have an authorized and subscribed capital of LE 14 million, payable in six installments over three years with the proviso that the two installments due in the last year might not be called.¹⁸ The proposed capital was as large as that of the Bank of England, and almost double that of the Bank of France.¹⁹ Using part of that capital, Shumayyil planned a phased conversion of the foreign debt of Egypt into a domestic debt by way of

¹⁴ One may be tempted to say that this was one incident of the support by Syrian intellectuals for the nationalist cause. However, this would ignore the variety of other positions taken by Syrian intellectuals, and for this matter Egyptian intellectuals as well, from the nationalist movement. In some cases, the position of the same individual changed between different phases of that movement, as indeed was the case with al-Naqqāsh and Ishāq.

¹⁵ *al-Ahrām*, 10/4/1879.

¹⁶ This is based on the summary in *al-Ahrām*, 10/4/1879. There is also a brief summary of the main ideas of Shumayyil's project in Sālim, p. 134, citing *Ṣadā al-Ahrām*, 7/4/1879 and in Hāmid, *al-Niẓām*, pp. 169-170, citing *al-Tijārah*, 17/4/1879. See also note 6 above.

¹⁷ In one of my earlier drafts, I used the expression "a mega-bank" to describe Shumayyil's project. Thanks to Professor Robert Tignor, I was advised that "a Great bank" might be a better expression, "as this was the period of the Great Banks in Germany."

¹⁸ *al-Ahrām*, 10/4/1879; Amīn Shumayyil, "al-Bank al-Ahlī," *al-Tijārah*, 26/4/1879. An almost identical version appeared in *al-Ahrām*, 15/5/1879. See Appendix V for a complete translation and a note on the sources.

¹⁹ *al-Ahrām*, 10/4/1879.

purchasing Egyptian bonds,²⁰ and the liquidation of that debt within a period of 28 years.²¹ In the first three years, the bank would equally split its capital funds between the purchase of public debt bonds and commercial operations. In addition, 75% of its profits would also be equally split between these two uses. All remaining profits (25%) would be retained to build up the Bank's reserves.²² From the fourth year onwards, the Bank would keep a minimum balance of LE 10 million of bonds at all times, would build up an equivalent amount of cash, gold and silver balances, would continue to apply 25% of its profits towards building up reserves, and would distribute the remaining profits as dividends.²³ Apart from its role as a debt liquidation vehicle, Shumayyil also conceived of al-Bank al-Ahlī as a bank that would finance agricultural and commercial activities,²⁴ in Egypt and in Ottoman provinces.²⁵

Less than three weeks after the summary of Shumayyil's project appeared in *Ṣadā al-Ahrām*, he wrote a letter to the daily *al-Tijārah* criticizing another project that was apparently competing for government consideration at that time.²⁶ The criticism reflected two conditions which Shumayyil thought must be fulfilled in the structure of a national bank, beyond the mere national origin of subscribed capital. The first was a large capital base. Shumayyil readily acknowledged that his project "has one practical difficulty, namely its substantial nominal capital."²⁷ He argued, nevertheless, that the financial and economic conditions of Egypt made such large capital necessary. Shumayyil found that the capital proposed for the other project (LE 2 to 4 million) might be adequate for an ordinary commercial bank whose activities were confined to the financing of agriculture and commerce.

But we are moving in a different context, within which we have to support the [country's] finances and liberate [her] politics [viz. political decisions] There is an inevitable need in this respect for a bank of substantial means, that is capable of collecting government bonds and restoring public confidence, of

²⁰ Ibid., 10/4/1879.

²¹ The liquidation of public debt in 28 years is mentioned in Sālim, p. 134 citing *Ṣadā al-Ahrām*, 7/4/1879 and in Ramaḍān, *Ṣirāʾ*, p. 87 citing *al-Tijārah*, 17/4/1879. This point is not mentioned in the summary I found in *al-Ahrām*.

²² *al-Ahrām*, 10/4/1879.

²³ Ibid., 10/4/1879.

²⁴ Ibid., 10/4/1879.

²⁵ Hāmid, *al-Nizām*, pp. 169-170 citing *al-Tijārah*, 17/4/1879.

²⁶ Shumayyil, "al-Bank al-Ahlī."

²⁷ Ibid.

financing commerce and agriculture, of managing the overall [financial] affairs of the country and of handling every financial trouble.²⁸

He suggested that raising a large capital in the fashion conceived in his own project--six installments over three years--was not only necessary, but also feasible, provided that the Bank presented itself in a way which inspired public confidence. This confidence, he argued, was subject to having a founding committee of recognized status and integrity; developing a track of profitable and stable business in order to attract deposits from excess and idle capital; and promoting a mutually beneficial relation with the government in order to ensure favourable government treatment.²⁹ Towards the promotion of such a beneficial relation, the detailed project study seems to have contained provisions which provided to the government LE 300,000 annually by way of extinguishing some LE 600,000 of her bonds.³⁰

Besides enjoying a large capital base, Shumayyil considered it necessary for a national bank to have an ownership structure where individual private interests were minimized. This was his second criticism of the competing project. A privately owned bank made Shumayyil suspicious of the true motivations of its founders. He argued that apart from not being motivated primarily by public interest, such a bank might actually prove harmful to the country, at least in the prevailing circumstances.

The objective behind it would be to establish a bank **stronger** than existing banks, allegedly to serve the needs of agriculture and commerce. The benefits of it, however, would accrue to **wealthy individuals** who claim to pursue a common benefit but want in reality to suck the remainder of the country's blood [my emphasis].³¹

²⁸ Ibid.

²⁹ Ibid.

³⁰ Ibid. It is clear both in the project summary and in subsequent correspondence from Shumayyil that he conceived of the bank as a large joint-stock bank with special connections with the government, but not as a state or a government owned bank as 'Abd al-'Azīm Ramaḍān suggested. Ramaḍān made this suggestion based on the fact that Shumayyil presented his project to the Khedive, and that he subsequently criticized a competing proposal on the basis that it conceived of the bank as a private bank. Ramaḍān's reasoning is not entirely convincing. Shumayyil clearly refers to the proposed bank as a shareholders' bank. The submission of the project to the Khedive may have been for the purpose of obtaining support in means other than direct participation. As for Shumayyil's criticism of the competing project, my interpretation for his use of the term "private" is given in a later part of this section. Ramaḍān, *Ṣirā'*, p. 87 n. 74.

³¹ Shumayyil, "al-Bank al-Ahlī."

Testing the claimed dedication of the sponsors of that competing project to the public good, Shumayyil called on them to abandon the idea of founding their bank as a **private bank**, and to become themselves members of a committee that would promote it as a **national bank**, "so that countrymen may participate with them, each according to his will and capability."³² For Shumayyil, therefore, "national" and "private" stood at opposing ends of the spectrum. The expansion in "private" holding would create interests that would detract from the bank's devotion to "national" priorities. Since the bank was proposed as a joint-stock bank, the term private here must have meant large controlling shares by individual stock-holders.

Shumayyil's perception of a national bank was thus defined in terms of structural conditions which would enable it to act as an economic vehicle for the political movement at that time. It was not enough to have "national" capital for the bank to deserve the description that it was truly a national bank. For the bank to be "purely national,"³³ it had to enjoy a large capital base that would enable it to perform treasury operations, and individual interests had to be diluted to the extent that would prevent any potential conflict between private and public interests. A smaller, privately owned bank would be incapable of servicing prime national interest at that point of time, which was "the liberation of the country from the influence of foreigners."³⁴

There is a specific aspect which stands out in this project, and which may well reflect Shumayyil's orientations as an individual from the Syrian intelligentsia in Egypt and as an urban professional. Shumayyil seems to have perceived of his project mainly as a bank of an urban commercial bias. This is indicated in his statement that "the establishment of a national bank necessitates the presence of a founding committee from civilians as well as merchants of wealth and status,"³⁵ which excludes the *a'yān* and all other elements from the founding committee. The same bias is implied in his appraisal of the implications of the bank's success, where agriculture and farmers seem to be getting a lower priority.

³² Ibid. See my footnote to this statement in Appendix V, paragraph 3.

³³ Shumayyil, "al-Bank al-Ahlī."

³⁴ Ibid.

³⁵ Ibid. For notes to the use of the term "civilians," see Appendix V, paragraph 3.

Commerce alone would then carry it and it would be oversubscribed several times, with the result that the price of its shares would increase before these shares are issued. Verily, I am afraid that confidence may grow to the point where the farmer may not obtain any shares, which is something we want to avoid.³⁶

This feature of the national bank as conceived by Shumayyil distinguished it sharply from the vision and tone expressed in "Inmā' al-Māl," where the emphasis was strongly laid on land as the source of all wealth, on the threat facing agricultural interests, and on the *a'yān* as the leading national power.

3. Financial and Operational Feasibility: Preliminary Remarks

Looking to the project from a purely financial perspective, the indications are that it would have been nearly impossible to raise LE 14 million of capital, even through a staggered payment over three years. Given the crisis that the regime faced at that time due to the withholding of the balance of the Rothschild loan (£ 3.2 to £ 3.5 million equivalent to some LE 3.1 to LE 3.4 million), it looks very unrealistic to count on public subscription for raising some LE 4.7 million a year for three consecutive years. This in itself would have constituted a serious refutation of Shumayyil's entire conception of a national bank. In Shumayyil's formulation, as we have seen, one of the two essential characteristics of a national bank was its possession of a large capital base. A failure on this front could not be simply remedied by a radical reduction in the envisaged size of capital. Although such reduction may have rendered the establishment of a bank feasible, it would have also resulted in a different bank from what Shumayyil perceived. This becomes more clear with a closer examination of Shumayyil's debt-purchase plan, which was a major *raison d'être* he envisaged for the national bank.

As mentioned earlier, Shumayyil apparently projected that al-Bank al-Ahlī would act as a vehicle for liquidating the foreign public debt of Egypt, some £ 90 million at that time,³⁷ in 28 years. The information on the premises of this projection is rather fragmented, but an attempt can be made to infer the mechanics that it involved and

³⁶ Shumayyil, "al-Bank al-Ahlī."

³⁷ This excludes the new Floating Debts that had accumulated since 1876 and some drawings under the Rothschild loan. See Decree of November 18, 1876 in Jallād, vol. 2, pp. 135-140, cf. "al-Lā'ihah al-Waṭanīyah," in *ibid.*, vol. 2, pp. 171-184. For other sources, see Chapter One, notes 47 and 48.

their implications. First, it seems that there were two means Shumayyil proposed to follow to liquidate the debt. One of these was using the bank's sources to purchase LE 10 million of public debt bonds by the end of the third year and retaining this amount thereafter as a minimum all-time figure on the bank's books. The second was to provide LE 300,000 annually to the government--some sort of an implicit tax--which it would use to extinguish LE 600,000 of debt every year. The two means were presumably interdependent: as the government retired more of its debt held at the bank, the latter would replenish the retired amounts by fresh purchase of bonds in the market. The cumulative amount of bonds purchased by the bank would thus increase continually, even though the amount held at any one time could continue to be LE 10 million.

If the analysis is carried one step further, it would become clear that it was impossible to conceive of the entire debt purchase plan without first starting with a very large capital base, and, second, achieving a strong record of profitability at the outset. The first condition is directly evident in the plan itself: to build a portfolio of LE 10 million of bondholdings in the first few years the bank had to start with a capital base that would not only fund these purchases but would also leave proportionate amounts for commercial, profit-generating operations. Hence, Shumayyil proposed to allocate no more than 50% of the target capital for the purchase of bonds. Consequently, it was inevitable to conceive of the national bank as a much larger institution than any of the banks existing in Egypt at that time. In 1883, the total capitalization of commercial and mortgage banks was LE 1.8 million and LE 3.8 million respectively. Capital and debentures of the largest commercial bank, the Anglo-Egyptian, was LE 1.6 million, while that of *Crédit Foncier Egyptien* was LE 3.3 million.³⁸ To make matters more difficult, Shumayyil's plans could materialize only if, while operating such a much larger bank, a strong level of profitability was achievable at the outset. As indicated in earlier sections, the target LE 10 million bonds purchase would be funded partially by the LE 7 million allocated from capital funds and the balance by three-eighth of the profits. Some basic calculations would show that in order to generate the remaining LE 3 million from that portion of the profits, the conceived bank would need to achieve an annual return of at least 32% on the funds used in commercial operations in its first three

³⁸ See Appendix III.1.

years.³⁹ The feasibility of this profitability for such a large bank appears very doubtful if measured against indications of market opportunities at that time, if we take the public revenues of Egypt--which ranged between LE7.3 million and LE10.5 million from 1872 to 1879--⁴⁰ as an indicator for the economy's absorptive capacity

There are two further difficulties detectable in the available information. Shumayyil's figures on annual provisions to the government (LE 300,000) and the consequent amount of retired debt (LE 600,000) evidently assumes a market price of 50% of par for Egyptian bonds. If the proposed bank used LE 10 million for the purchase of bonds by the end of the third year, it would have meant that roughly some £ 20.5 million of foreign-held debt could be transferred to the bank's books by that date.⁴¹ The liquidation of the remainder of the debt (in that case some £70 million) in another 25 years would require an additional some LE 33.9 million, or an average of some LE 1.355 million a year. If we deduct the amounts retired by the government (LE 300,000), the result would imply that an average annual amount of some LE 1.0 million would have had to be used from the bank's profits over and above the funds used in building the initial holdings and those provided annually to the government. On its own, this amount would not be out of line with the profitability which Shumayyil seems to have assumed for the bank, but it reinforces the continued necessity of that assumption. On the other hand, the price of Egyptian bonds implied in those calculations seem to have been unduly low.⁴² If this was

³⁹ If three-eighth of the projected profits were equal to LE 3 million, the total profits projected for the first three years would be LE 8 million. Since capital was supposed to be paid in installments and only 50% of it was supposed to be employed in commercial operations, the average amount of that portion of capital throughout the first three years, therefore, would be LE 4.06 million assuming six equal semi-annual installments. This is obtained by multiplying 50% of each installment by the period for which it is available throughout the three years (first installment for 36 months, second for 30, etc.) and dividing the product by the overall duration (36 months). Using the figures of total profits and average employed capital, we reach an overall return of some 97% in three years, or a simple average of 32.3% on employed capital annually. This measures earnings relative to capital. However, since banks operate mostly through deposits and borrowed funds, a more proper assessment requires knowing the assumptions Shumayyil made with respect to the deposit/capital, the anticipated size of business, the pricing of the bank's services, and how al-Bank al-Ahli would have compared in all those aspects to existing institutions.

⁴⁰ Landes, *Bankers and Pashas*, pp. 337-338.

⁴¹ Based on a rate of £ 1.00=LE 0.975. See Chapter One, note 39.

⁴² The presently available datum shows a higher price of Egyptian paper than the one which I am assuming that Shumayyil used. We learn from the Money Market Intelligence section in *The Times* of April 1, 1879 that the Privileged Debt bonds

the case, it would mean that more funds would have been needed to retire a given nominal amount of the debt, and a heavier financial burden would thus result.

Overall, therefore, the mission which Shumayyil conceived for a national bank implied capital and operational conditions which would have made it extremely difficult for that conception to materialize.⁴³ As it stands, the entire vision of building a commercially viable bank that would be large enough to absorb Egypt's foreign public debt at that time appears closer to a statement of aspirations rather than of practical possibilities, even though Shumayyil may have intended otherwise. This may partly explain why the specific characteristics which Shumayyil envisaged with respect to the capital and shareholding interests in his brand of a national bank did not seem to inspire other national banking calls that could be identified during this period. Perhaps the practical difficulty of the perceived mission was also one strong reason why people like Ṭal'at Ḥarb were inspired by another general vision contained in a different variety of national banking proposals which was expressed in "Inmā' al-Māl."

(B). "Inmā' al-Māl" and al-Bank al-Waṭanī al-Misrī

Within days from the issuance of "al-Lā'ihah al-Waṭanīyah," the communiqué "Inmā' al-Māl" appeared, calling on the public to subscribe for the establishment of a national bank.⁴⁴ Banks and incorporated structures, "Inmā' al-Māl" argued, were

were traded in the preceding session at 69.75. Other sighted sections included comments on trends but no specific figures.

⁴³ It should be noted, however, that this analysis is based on the financial information extracted from the summary of the project which appeared in *al-Ahrām*. This summary contained allusions to a complete project study which seems to have existed. It would be interesting to see how--and, to start with, whether--Shumayyil treated any of the above difficulties in that study to convince the decision makers of the feasibility of his idea.

⁴⁴ According to the citation in Laṭīfah Sālim, this document appeared in *al-Tijārah*, 15/4/1879. On trying to check this myself, the volumes and individual issues that I could find of *al-Tijārah* in Dār al-Kutub did not include that issue. I could not ascertain the date through primary sources. Of all those consulted, only Salīm al-Naqqāsh referred to "Inmā' al-Māl" and quoted its text in full, stating that it appeared "before the 'Urābī events" in one of the newspapers published by him, which included at that time *al-Tijārah* and *Miṣr*. "Inmā' al-Māl" was also reproduced in full more than thirty years after it was originally issued in Ṭal'at Ḥarb's famous work *'Ilāj Miṣr al-Iqtisādī*, but without specific information regarding the date or paper where it first appeared. Sālim appears to be the only scholar who sighted "Inmā' al-Māl" as originally published. There are only two other writers who made reference to it and quoted from it either extensively (Ramaḍān) or in full ('Abd al-Rasūl), but they both relied on Ḥarb. Consequently, neither of them gave citations of the original publication of

the means by which Europe achieved material progress and a dominant world position. That model must be emulated should Egypt hope to achieve economic progress and political independence. The issuers gave the proposed national bank the name al-Bank al-Waṭanī al-Miṣrī.

There was no list of names attached to "Inmā' al-Māl" by way of signatories. The document itself contained a statement that the idea of establishing "a national financial company" was first proposed by some distinguished merchants, and was subsequently welcomed by national newspapers then embraced by

the elites of the country's enlightened people (*khāṣṣat nubahā' al-waṭan*), the most notable of the country's notables (*'uyūn a'yānih*) and a large number of the most notable of our delegates (*a'yan nūwābinā*) and of our prominent men.⁴⁵

More specific information on the sponsors and their motivations was given by Ṭal'at Ḥarb who stated that the force behind "Inmā' al-Māl" was Muḥammad Pāshā Sulṭān and 'Umar Pāshā Luṭfī. As seen earlier, the first of these two figures was the most vivid and visible example for the rising notables,⁴⁶ and the second was a major financial administrator and tax collector of the regime.⁴⁷ Together with other prominent men of that period, Ḥarb explains, Sulṭān and Luṭfī were concerned about the deterioration in the conditions of both the peasant and the country. In an implicit reference to the National Assembly and "al-Lā'ihah al-Waṭanīyah," Ḥarb then suggested that those men proposed a remedy for the state as well as the people, lest "the government would become isolated from the nation."⁴⁸ Consequently, that group came out with the idea of founding a national bank, and called on "the heads

"Inmā' al-Māl." All citations herein refer to "Inmā' al-Māl," in al-Naqqāsh, vol. 6, pp. 134-139. For other virtually identical versions of this document, see Ḥarb, pp. 22-30 and 'Abd al-Rasūl, pp. 20-25. For other allusions, see Sālim, p. 134; Ramaḍān, "Niṣf," pp. 175-178 and idem., *Ṣirā'*, p. 90.

⁴⁵ "Inmā' al-Māl," p. 136. See Appendix VI, para 8.

⁴⁶ See Chapter Two, note 2 and Chapter Three, note 155.

⁴⁷ Ḥarb, pp. 21-22. This 'Umar Pāshā Luṭfī, who was one of the regime's senior officials in the late 1870s, should not be confused with the later 'Umar Bey Luṭfī, who was born in the late 1860s (1867 or 1868-1911) and who became famous in the early twentieth century as the promoter of the agricultural cooperatives and as the first Head of Nādī al-Madāris al-'Ulyā (High Schools Club). A long biographical note of that later Luṭfī was given in *al-Hilāl* as the lead story in March 1912, with an obituary by the famous poet Aḥmad Shawqī. See *al-Hilāl*, vol. 20 (1912), pp. 323-330.

⁴⁸ Ḥarb, p. 21.

and the notables" (*al-kibār wa-al-a'yān*)⁴⁹ to join them. Ḥarb's proposition that this attempt was an initiative motivated by the conditions of peasants--a proposition which we will later address--is consistent with the emphasis we find in "Inmā' al-Māl" on the village debt crisis and the threatened loss of agricultural land to foreigners. In contrast to Shumayyil's project, allusions to the public debt crisis was only made as a background issue by way of drawing the general context.

1. Historical Significance of "Inmā' al-Māl"

Manshūr "Inmā' al-Māl" kept its discussion of al-Bank al-Waṭanī to the most general level. Unlike Shumayyil's proposal, there are no direct details regarding the capital of the proposed bank, its policy orientations, or its structural characteristics. It is true that we can make some inferences regarding some of those points, but the significance of "Inmā' al-Māl" is in the way it expressed the vision of its issuers--a leading group of the traditional elites--regarding the contribution of large enterprise to Western economic and political power, the unique role of banks as intermediaries in that process, and the interpretation of the Egyptian crisis within a framework of global economic relations. Thus, although "Inmā' al-Māl" was issued for the specific practical purpose of mobilizing support for al-Bank al-Waṭanī, it ended up as a piece fairly rich with ideological import inasmuch as its issuers had to address broader issues in their attempt to solicit public subscription.

The broad ideological significance of "Inmā' al-Māl" was revealed by the way Tal'at Ḥarb made use of it as a point of reference in his campaign for establishing Bank Miṣr some thirty five years later. There was little resemblance in character between al-Bank al-Waṭanī as a national bank and what Ḥarb envisaged for Bank Miṣr, an industrial and commercial bank. Yet, Ḥarb found it relevant to quote the full text of "Inmā' al-Māl" in his *Ilāj Miṣr al-Iqtisādī*-- the publication which contained his justifications of the need for the Bank Miṣr type of a national bank--and to comment on it by stating that "this could be our call today without adding a single character to its contents."⁵⁰

Given its ideological significance, a discussion of "Inmā' al-Māl" warrants an analysis of its line of argument to see how the issuers of that document tried to

⁴⁹ Ibid., p. 22.

⁵⁰ Ibid., p. 30.

develop some of the basic ideas expressed in it. In doing this, I will follow generally the approach adopted by Roger Owen in an article on the ideology of economic nationalism in Egypt for a later period (1918-1939). Owen explains that approach and its underlying assumptions in his opening lines as follows:

To speak very generally, sets of ideas can be studied either for their intrinsic interest or because they represent the attitude or world view of a particular group or social class While a study of the first kind will naturally concentrate on the intellectual content of the ideas under examination, on their origins and on their relationship to other systems of thought, the second will necessarily concern itself less with their merit and much more with the way they are used. In such cases, the ideas themselves are not likely to be either very profound or very consistent, mirroring as they do the ambiguities of the interests of those who employ them. Their purpose is not to provide comprehensive or totally satisfying answers to problems but rather to persuade people to act in a certain way or to allow their holders to improve their own social position and to combat rival and potentially dangerous sets of ideas which appear to threaten it.⁵¹

2. Analysis of the Argument in "Inmā' al-Māl"

A complete translation of "Inmā' al-Māl" is appended (Appendix VI).⁵² We can approach "Inmā' al-Māl" as a document composed of two major parts, the first theoretical, and the second practical. In the first (Appendix VI, paragraphs 1 to 7), the issuers developed a theoretical foundation for their call to establish a national bank by public subscription. In the second part (Appendix VI, paragraphs 8 to 17), they addressed practical issues related to the feasibility of the idea.

(a) Theoretical Foundations

"Inmā' al-Māl" starts by developing the proposition that the purpose of economic activity should be the maximization of wealth, rather than the mere satisfaction of material needs. This was achieved by incorporating that idea within a frame of reference acceptable to the readers. Not surprisingly, "Inmā' al-Māl" takes off by creating a link between mundane human endeavours and divine will, trying to

⁵¹ Roger Owen, "The Ideology of Economic Nationalism in Its Egyptian Context: 1919-1939," in *Intellectual Life in the Arab East, 1890-1939*, ed. Marwan R. Buheiry (Beirut, 1981), p. 1.

⁵² The translation is based on the text as it appears in al-Naqqāsh, *Miṣr lil-Miṣriyyin*, vol. 6, pp. 134-139 and Ḥarb, pp. 22-30. A brief note on the sources is included in Appendix VI.

impress on the reader that the application of human effort to natural resources was not only a material necessity, but almost a religious obligation.

God in his highness did not create any of His creatures **except** to bear fruit and to be useful[.] God **does not approve** of leaving His gifts buried in the ground without bearing fruit[.] verily, what He approves of is the cultivation of His gifts to the individual so that they would grow and benefit the public[.] As people endeavour to nurture what they are gifted with, the fruits would surely yield [private material] gain to their owner and God's contentment to the public, so He would increase their wealth and would put more riches in their hands [my emphasis].⁵³

Clearly, the message here was that the application of human efforts to natural endowments was not only a means to satisfying human material needs, but was in itself an end consistent with the divine purpose behind creation. Thus, the continuous application of human effort for the purpose of nurturing the community's wealth is elevated to the status of a religious obligation.

Having argued that the creation of wealth was the purpose of economic activity, the public had then to be convinced of the idea of public subscription, itself an apparently unpopular--if known--form of business. This was done by fitting that idea within the frame of the obligation of nurturing wealth. The starting point here was the premise that cooperation among different parties in the community was the basis of production activities and relations: the rich furnishes the poor with land as capital, and the landowner hires the landless as a labourer, all working for the purpose of cultivating the land, "the mother of wealth."⁵⁴ Applying the axiom that what was essential for fulfilling an obligation became itself an obligation, "Inmā' al-Māl" proceeded to emphasize that since cooperation was the organizational prerequisite for nurturing natural wealth, it became itself a command incumbent on all people, irrespective of their kinship or kinds or--by implication--their social class. Alternate terms are employed in different parts of "Inmā' al-Māl" to reinforce the concept of cooperation: *al-takāful*, *al-taḍāmūn*, *al-ta'āwun*, *al-ittiḥād*, *al-ishṭirāk*, and *al-ijtimā'*.⁵⁵ Had it not been for *al-ta'āwun*, mankind would not have reaped from their labour more than what various living creatures obtained from hunting with

⁵³ "Inmā' al-Māl," p. 134. See Appendix VI, paragraph 1 and the attached notes.

⁵⁴ "Inmā' al-Māl," p. 134.

⁵⁵ Ibid., pp. 134-139. For examples, see paragraphs 2, 3, and 7 in Appendix VI.

their own claws. People of Central Africa were unable to reap from their fertile soils and rich minerals their own subsistence needs because they were ignorant of the power of *ittiḥād*. Various kinds of *al-ishtirāk* are necessary to develop natural wealth beyond the natural state (*al-ḥāl al-fiṭriyah*).⁵⁶ As we shall soon see, the issuers of "Inmā' al-Māl" subsequently adapted the concept of cooperation into another usage which suited their purpose, namely the establishment of enterprises on joint-stock basis.

Having established that frame of reference--creation of wealth via cooperation as a duty and as the objective of economic activity--the above propositions are used to interpret global economic relations. The starting point here was an observation of trading relations between East and West, which manifested Western superiority with respect to both the traded products and their relative prices or terms of trade. "Inmā' al-Māl" recorded Eastern dependence on the West in whatever went beyond the natural produce of land, and the existence of a pattern of trade which consisted of shipping Eastern crops to the West "in its raw state at minimal prices," and repurchasing them "in the manufactured, decorated, civilized state" at multiple prices.⁵⁷ A further comparison follows immediately to close the argument. European commercial superiority, "Inmā' al-Māl" explained, came with the conglomeration of capital in corporations. Easterners, on the other hand, adhered to business organizations inherited from ancestors. Thus, capital remained fragmented in small enterprises, and the lack of large enterprise--by implication--hindered development of products beyond the raw state, in spite of rich natural endowments and abundant supplies of capital.⁵⁸ To stress this point further, "Inmā' al-Māl" suggested a connection between the evolution of enterprise to the corporate form and the rise in European political power on the global scale. Whoever looked into the origins of expansion in European global influence, "Inmā' al-Māl" argued, would find that European powers "bewildered the inhabited lands and opened up vast regions with their commercial companies."⁵⁹ To verify this point, "Inmā' al-Māl" used the example of the East India Company, which had operated a Suez-Bombay shipping line since 1834.⁶⁰ In the course of giving this example, the reader

⁵⁶ "Inmā' al-Māl," p. 134.

⁵⁷ Ibid., p. 134.

⁵⁸ Ibid., p. 134.

⁵⁹ Ibid., p. 134.

⁶⁰ al-Ḥittah, p. 234.

was reminded that the mobilization of capital into corporations was one instance of cooperation.

Whoever remembers that the British possessions in India ... were joined to the British dominions by the efforts of a company established at the beginning of the eighteenth century and initially capitalized at 30,000 pounds[,] would ascertain the validity of the argument made in this treatise regarding the benefits of incorporation (*al-ishtirāk*) and that the power of capital is through business (*qūwat al-māl fi al-a'māl*).⁶¹

The circle is thus completed with the adoption of cooperation (*al-ishtirāk*) to refer to the establishment of joint-stock companies by public subscription. Having argued that capital conglomeration was the key not only to commercial superiority but also to global political clout, "Inmā' al-Māl" paved the ground to shortly place Egypt's debt crisis within that framework of capital mobilization and political power.

Since "Inmā' al-Māl" was an attempt to raise public subscription for a national bank, it was relevant to place national banking within the elaborated framework as an incidence of cooperation, and to explain its relevance for capital accumulation on the one hand and for the observed East-West relations on the other. Of all incorporated structures, "Inmā' al-Māl" argued, banks had a unique position within domestic and international economic systems. On the individual level, the presence of banks was "a blessing for the people" (*rahmatan lil-nās*),⁶² since they acted as intermediaries between owners and users of capital. Globally, banks were the means for political power. Through European banks, it became imminent for all business dealings anywhere in the world to pass through European hands, and Western countries thus dominated world commerce. Because of their role in dominating world commerce, and hence in empowering their nation states, every European country "maintains the independence of its important banking institutions," and the countries that had the stronger banks enjoyed "the most extensive commerce, the most successful industry, the strongest influence, and the most forceful authority."⁶³

⁶¹ "Inmā' al-Māl," pp. 138-139.

⁶² Ibid., p. 135.

⁶³ Ibid., p. 135.

The platform was thus set to interpret the situation of Egypt accordingly. Egypt's condition, "Inmā' al-Māl" argued, testified to the vitality of banks. The absence of Egyptian national banks led to a situation where most of the land became mortgaged to foreigners. If this continued, the mortgaged land would gradually move to foreign ownership, until "Egypt's son, God forbids, would become an agricultural labourer on his and his ancestors' own land."⁶⁴ Applying the analogy with Europe, "Inmā' al-Māl" argued that this situation could only be reversed by acquiring an "autonomous financial power."⁶⁵ Thus, the national bank was the vehicle for national economic salvation and for liberating agricultural land from its encumbered status. At that juncture, it became relevant to stress the necessity of public subscription. "Inmā' al-Māl" emphasized that the creation of a bank with the necessary means was beyond the capability of individual initiatives. Accordingly, the issuers declared their intentions to establish al-Bank al-Waṭanī al-Miṣrī and, employing alternate expressions of cooperation, they urged the public, from the servant to the rich master, for a collective action to found the Bank.⁶⁶

Inmā' al-Māl, thus, reflected what may perhaps be one of the earliest recognitions in Egypt of some basic dimensions of nineteenth-century global economic relations: the recognition of the economic foundations of global political clout, reference to trade patterns (or what we may call in our present usage division of labour on a global scale), as well as a recognition of the power of transnational corporations and particularly that of banking. We will see in subsequent sections how Inmā' al-Māl--and in some aspects Amīn Shumayyil's letter--expressed some of the basic ideas of economic nationalism in Egypt at that time.

(b) Practical Considerations

Following the declaration of intentions to found al-Bank al-Waṭanī al-Miṣrī as a means for averting the predicted danger of land loss, the issuers of "Inmā' al-Māl" turned to practical issues and emphasized the feasibility of their idea. First, the issue of conformity of the proposed bank with Islamic law was addressed and confirmed by reference to legal opinions of established jurists. "Inmā' al-Māl" employed these opinions to establish that the activity of lending money was in itself a legitimate form of commercial intermediation, and that lending-profits fell in the same category

⁶⁴ Ibid., p. 135.

⁶⁵ Ibid., p. 135.

⁶⁶ Ibid., pp. 135, 138.

as commissions earned in such deals. "Inmā' al-Māl" then focused on two specific measures to establish the legitimacy of the intended operations of al-Bank al-Waṭanī. The first was that the Bank would serve public interest. Here, "Inmā' al-Māl" dwelled on the claim that the specific purpose of al-Bank al-Waṭanī was to rescue mortgaged lands from foreigners' hands. The second measure was the pricing of the Bank's loans. "Inmā' al-Māl" used the limits established by some jurists as a yardstick, and promised that it would charge rates within the range approved by those scholars (15%).⁶⁷ This was contrasted to the rates at which the Egyptian peasant borrowed at that time, which "Inmā' al-Māl" stated were 30 to 40% or more. This comparison was employed to further the argument that the Bank would serve an urgent public interest: far from following usurious practices itself, al-Bank al-Waṭanī would actually become the vehicle for liberating the Egyptian peasant from usury. These two elements, "Inmā' al-Māl" argued, marked the distinction between usury (*al-ribā al-mahḍ*) and the profits that al-Bank al-Waṭanī would earn.⁶⁸

The feasibility of al-Bank al-Waṭanī was then addressed from two aspects. The first was the feasibility of raising the public's enthusiasm to subscribe to the Bank's capital.⁶⁹ Here, we find a clear attempt to capitalize on the national momentum generated by recent political developments, and to read those developments, with the use of rhetoric, within the context of a longer historical continuum starting at the time of Muḥammad 'Alī. "Inmā' al-Māl" celebrated the fact that the call for establishing al-Bank al-Waṭanī coincided with "the rise of the country's enlightened and the mobilization of most of their efforts for this task."⁷⁰ To further emphasize the connection of the national bank to the national movement of April-June 1879, "Inmā' al-Māl" reminded its readers that the idea of establishing the bank was

⁶⁷ Ibid., p. 137.

⁶⁸ Ibid., pp. 136-137

⁶⁹ There is an element of ambiguity on this point. "Inmā' al-Māl" does not specify the intended capital of al-Bank al-Waṭanī. It may be possible that the call for establishing this bank may have been accompanied by other documents containing financial information. If this was not the case, it becomes difficult to understand how the issuers made a public invitation for subscription without identifying the amount to which the public was invited to subscribe. This may suggest that "Inmā' al-Māl" itself was only what it claimed to be, namely a declaration of intentions and an attempt to prepare the public for an official call to subscription that was intended to follow.

⁷⁰ "Inmā' al-Māl," p. 138.

repeated in newspapers which expressed national aspirations.⁷¹ In both places, it was emphasized that al-Bank al-Waṭanī was **the only intermediary** for realizing those aspirations, a statement similar to Shumayyil's earlier contention that al-Bank al-Ahlī "would be **the only means** to get rid of the interference by the foreigner."⁷²

As if the issuers feared that the motivations based on the public cause may not be enough, they immediately followed with a passage which emphasized the commercial viability of the Bank and, hence, the profitable prospects for its owners.⁷³ This, however, still rested partly on nationalist considerations: people would give preference to the Bank because "it is from them and for them[:] it will deal with them in their own tongue, and will treat their business with the same care they devote to it."⁷⁴ Having addressed the theoretical and practical foundations of their project, "Inmā' al-Māl" concludes with an urge for immediate action, calling on the princes, elites and wealthy people of Egypt, "and all those who care for her interests ... to immediately follow the example of their good brothers who initiated the subscription, and to collaborate in establishing al-Bank al-Waṭanī al-Miṣrī."⁷⁵

3. al-Bank al-Waṭanī al-Miṣrī as an Agricultural Credit Bank

"Inmā' al-Māl" conceived of a national bank which was radically different from what Amīn Shumayyil proposed. To start with, the immediate power behind al-Bank al-Waṭanī was the *a'yān*. As "Inmā' al-Māl" acknowledges, the initial idea for establishing the bank was proposed by some leading merchants, the same social group that Shumayyil thought should be the founding element of his bank. Here, however, the real force for moving it was obtained only after the merchants solicited the sponsorship of the *a'yān*, in an implicit acknowledgment that the Bank could not be founded without their tangible support. At that point, the *a'yān* "enthusiastically received it [the idea] and moved resolutely towards materializing it."⁷⁶ The support of a wider section of the traditional elites was then secured ("the most notable of the

⁷¹ Ibid., p. 138.

⁷² See note 8 above.

⁷³ "Inmā' al-Māl," p. 138.

⁷⁴ Ibid., p. 138.

⁷⁵ Ibid., p. 139.

⁷⁶ Ibid., p. 136.

country's notables and a large number of the most notable of our delegates"),⁷⁷ and the concurrence of "higher authorities" was obtained.⁷⁸

As a result of the *a'yān*'s sponsorship, the emphasis of the bank was on the market that the *a'yān* knew best, the countryside. The agricultural and territorial bias in "Inmā' al-Māl" is noticed from its very beginning. We can observe at the outset of "Inmā' al-Māl" the repeated references to land, cultivation, fruits, and other such variations in connection with the nurturing and extraction of wealth from the community's endowments. This continued in one of the passages quoted above, which contains examples of cooperation taken from agricultural relations, and which ends with the explicit statement that land is the mother of all wealth. "Inmā' al-Māl" demonstrated, thus, the physiocratic tendencies of the countryside-based *a'yān*.⁷⁹ In congruence to that emphasis, al-Bank al-Waṭanī al-Miṣrī was perceived essentially as an agricultural credit bank. It was the village debt crisis--which is addressed in some detail in the next chapter--that took precedence over Egypt's public debt as the immediate objective of al-Bank al-Waṭanī. Like Shumayyil's project, the national bank was seen as a means of liberation from foreign control. However, the perceived role of a national bank in liberation focused on village debts, as evidenced in the repeated reference to the mortgage crisis and the threatened loss of land to foreigners.⁸⁰ Even when state debts were touched upon, this was done with reference to the extraction of Domain and Sanīyah lands from foreign hands.⁸¹ The relevance of "Inmā' al-Māl" to village debts in particular was acknowledged by Ḥarb as we have already seen. We find another acknowledgment by Salīm al-Naqqāsh, who discussed possible means for liquidating those debts,

⁷⁷ See note 45 above.

⁷⁸ "Inmā' al-Māl," p. 136.

⁷⁹ Text-books on the history of economic thought explain that physiocracy expressed the interests of newly established "common-landowners," who were transitional reformers. Under their order, the position of the landlord nobility was retained as in feudalism, but conditions were conducive for accumulation and the promotion of agricultural capitalism. See Robert B. Ekelund, Jr. and Robert F. Hébert, *A History of Economic Theory and Method*, 2nd ed. (Hong Kong, 1984), pp. 71-76. It would be interesting to investigate how far does the commoners-nobility duality in European social history resemble the *a'yān-dhawāt* duality in the case of Egypt, and--from a similarly comparative perspective--the conditions which allowed the promotion of agricultural capitalism in Europe at that stage of its social development.

⁸⁰ "Inmā' al-Māl," p. 135, 137, 138.

⁸¹ *Ibid.*, p. 138.

then quoted the full text of "Inmā' al-Māl" as an example of national endeavors in this respect.⁸²

The establishment by national capital of an agricultural credit bank would have been a very significant step at that point of time. For one thing, it would have diversified and consolidated further the control of the *a'yān* over rural wealth. Furthermore, it would have occurred just at the time when mortgage lending was becoming the more lucrative business opportunity, an opportunity which was shortly clinched by two European dominated banks, The Land and Mortgage Company of Egypt (1880) and the Crédit Foncier Égyptien (1880). From this perspective, al-Bank al-Waṭanī would have been the economic or business counterpart of the constitutional demands in "al-Lā'ihah" inasmuch as it expressed the economic vision and interests of the traditional elites in general, and of the *a'yān* in particular.

The way the ideas were expressed in "Inmā' al-Māl" was also an accurate reflection of the interests of the *a'yān* as large landowners. We find this in several parts of it. First, in their discourse on the creation of wealth as an objective of economic activity, the issuers adopted an implicit assumption which reinforced this main idea--the creation of wealth--in a manner consistent with their own interests. Although "Inmā' al-Māl" refers in the first instance to the endowments available to the community at large, it is acknowledged subsequently that different parties get different shares of the fruits of their endeavours: the immediate owner obtains tangible private material gain, while the community at large--including the owner--obtains God's contentment. The conversion of the community's endowments--from which communal responsibility presumably originates--to private property, and the resulting variations in distribution is implicitly taken for granted. Later on, the concept of cooperation was emphasized as the basis of all extractive and transformative activities, again irrespective of existing social differences and their distributional implications. The spirit of these two points of detail--the emphasis on aggregate agricultural activity but the suppression of issues of distribution--was an accurate reflection of the context within which "Inmā' al-Māl" was issued. As explained in previous chapters, the traditional elites were trying at that moment to achieve two ends at the same time, namely regaining control over political administration and preserving a fiscal order which served their material privileges.

⁸² al-Naqqāsh, vol. 6, pp. 133-134.

Within that context, it was consistent with their ends, when they addressed issues of economic activity, to focus on the overall creation of wealth and to suppress questions of distribution. This would also explain the apparent contradiction in having a repeated emphasis in "Inmā' al-Māl" on the threatened loss of agricultural land to foreigners, but no mention of the hardship which peasants suffered under successive administrations prior to European control.⁸³ The apparent contradiction--and irony--is furthered when we learn that 'Umar Pāshā Luṭfī was one of the individuals behind "Inmā' al-Māl." As seen earlier, Luṭfī was described in national and European contemporary accounts as one of the regime's most harsh officers in tax exaction.⁸⁴ By implication, he would be among those who were responsible for the increased indebtedness of the peasants to the point of creating the threatened loss of land, let alone other hardship resulting from tax extortion.

In contrast to Shumayyil's position against the presence of large private interests in his perception of a national bank, "Inmā' al-Māl" does give way to such interests. An indication of that tendency is found in the implied absence of ceilings in the invitation for people of all financial abilities to participate in whatever portions they would desire (from servant to the rich master). Similarly, the final call in "Inmā' al-Māl" for subscription was specifically addressing princes, elites and the wealthy of the country. These different positions are again consistent with the differences in the economic base and interests of the respective sponsors.

al-Bank al-Waṭanī, therefore, involved a concept of a national bank where an agricultural bias took precedence over urban biases and village debts replaced public debt as the most urgent national task that the bank had to address. On both these points, the concept of a national bank differed from the ideas detected in Shumayyil's proposals. Both concepts, however, were "national" in the sense of extracting control from European hands. The differences in the focus of each reflected the interests--and, by implication, the visions--of their respective sponsors. This conditioned not only differences in focus, but also the discourse adopted in presenting each variety of national bank (including the way rhetoric was employed to emphasize linguistic bonds in one case and territorial-historical bonds in the other), the extent to which the perceived structural conditions and plan of operation

⁸³ See Chapter Three, note 76.

⁸⁴ See Chapter Four, note 24.

were rigorously defined, and the space allowed or denied to a controlling share by large individual interests.

(D) Conclusion

The proposals of Amīn Shumayyil and the issuers of "Inmā' al-Māl" suggest that there was a variety of concepts underlying the different calls for establishing a national bank in 1879. Both calls emerged within the nationalist framework of April 1879, identified themselves with its cause, and each claimed that the specific proposal it carried was the only means for realizing national aspirations. Nevertheless, each of them conceived differently of the specific priorities of a national bank, its immediate field of activity, and the way it should be structured. This was itself a manifestation of the nature of the National Assembly as a coalition of groups who coalesced around a broad national platform, but contained a variety of backgrounds and interests. Accordingly, we had on the one hand the proposal by Shumayyil which expressed the aspirations of an intellectual for an urban-oriented institution, of a size that could effect a phenomenal leap in the Egyptian economy, and of a shareholding structure which did not permit any individual shareholder to own a controlling share that may engender a deviation in the bank to servicing private interests. The issuers of "Inmā' al-Māl," on the other hand, were more representative of the leadership of the national movement. Consequently, they offered a vision rooted in the land as a source of all wealth, and conceived of the national bank as an agricultural credit institution that would stop the transfer of agricultural land to foreign ownership and that would extend their share in agricultural-based activities to the area of financing.

Thus, in terms of moving from a general agreement on the vitality of financial capital to making specific propositions on how it would be employed, the two calls demonstrated almost extreme visions. This may have been a repercussion of an inherent weakness in the national movement, namely the absence of a strong urban-based economic class, viz. national merchants, financiers and manufacturers. One manifestation of this weakness, as will be shown later, was the absence of the leading private banking houses from the ranks of the national movement, and their established position within the same European-based network of business and financial interests which national banking initiatives tried to challenge. As long as this weakness existed, it may have been difficult to conceive of any specific means

for using mobilized capital outside agricultural credit (*Inmā' al-Māl*), except if this was by way of creating a revolutionary economic change that would consequently generate a wider spectrum of opportunities (*Shumayyil*). Thus, on the one hand the movement by domestic groups for establishing a national bank manifested the rise in the economic and political status of the *a'yān* and the increasing role of intellectuals who capitalized on the spread of means for formulating public opinion. On the other, it manifested the extent to which foreign penetration of private economic activities had confined the evolution of a national mercantile class that could have reaped the benefits of the burgeoning export economy in the 1860s and beyond. These points will be developed further in the next chapter.

Within the platform of economic nationalism, therefore, there were alternative concepts and interests behind the idea of founding a national bank. With that in mind, it is also possible to detect some common grounds between the examined two calls. First, they were both a clear product of the immediate political context. Second, they both aimed at establishing a joint-stock bank with a large capital base. Third, they presented themselves as commercially viable establishments whose entire capital funds would be raised domestically from national elements. Finally, these were the earliest discernible moves to establish a bank that were launched by elements from the traditional elites and/or the intelligentsia. These common grounds can also be found in other national banking calls and, in some aspects, in expressions of economic nationalism in general. It may now be timely to examine those common aspects, together with their foundations and implications.

Chapter Six: An Inquiry into the Common Grounds of Economic Nationalism

(A) National Banking Calls as a Reflection of the Political Context

As discussed in earlier chapters, Sharīf's national cabinet came to power on a nationalist platform after ousting the European cabinet, and a basic component of the nationalist agenda was a debt liquidation counter-plan incorporated in "al-Lā'ihah al-Waṭānīyah" and submitted with the collective undertaking of its signatories. The national banking initiatives examined in the previous chapter were clearly a product of that political context and a parallel reflection of it in various aspects. First, the basic concepts in the two calls were articulated within the framework of the nationalist agenda. They emphasized the component of economic nationalism in the political movement (viz. extracting national economic and financial interests from foreign hands), proposed that economic strength was the route to political power, and each presented itself largely as the only tangible means for economic salvation and consequently for realizing national aspirations. Second, the idea of public subscription was itself another reflection of the political context. Shumayyil and "Inmā' al-Māl" appealed to the same collectivity that characterized the national front and "al-Lā'ihah." Each of them based its hopes for public subscription on the momentum generated by the political movement. This was itself an implicit acknowledgment that the establishment of that economic enterprise depended largely on some extra-ordinary set of circumstances beyond the immediate economic processes. Furthermore, it is possible to detect in the two calls the same sense of crisis and urgency which prevailed throughout the nationalist movement in April 1879. In this respect, it is interesting to note how this spirit was reflected in a striking similarity of language and metaphors in the concluding lines of both "Inmā' al-Māl" and Shumayyil's letter to *al-Ahrām* and *al-Tijārah*

[T]here can be no might or freedom for the state without extracting her interests from foreigners' hands ... [P]rinces, elites and the wealthy people of the country, and all those who care for her interests, are called upon to immediately follow the example of their good brothers who initiated the subscription, and to collaborate in establishing al-Bank al-Waṭānī al-Miṣrī[.] Time is of gold, and cannot be retrieved if it elapsed.¹

¹ "Inmā' al-Māl," p. 139.

Let the Eastern sense of resilience move us like the people of the West, and let us abandon negligence and despair if only once ... Let our Heads lead us and form from themselves a founding committee of honorable people that would bring this project out from the world of capability to the world of action. Time is [of] gold, and cannot be claimed back if it passed; and opportunities may be lost by negligent people.²

Generally speaking, it seems that economic nationalism in that period was born within the context of the political movement. In an article which appeared in *al-Ahrām* shortly after the frustration of the April 1879 movement, the failure of that movement was blamed on the lack of economic and financial foundations. *al-Ahrām* implicitly referred to the movement as an outcome of an enticement to act in a farcical manner (*"na'bat"*) since it occurred without economic or financial foundations. The belief by the majority (*"al-sūwād al-a'zam"*)³ that "the Egyptian government would be the first Eastern government in combating Western policy" was an illusion (*"wahn"*) which ignored that European political domination of Egypt was a consequence of a more basic change in the balance of economic power between East and West.⁴ By implication, an action taken without economic and financial basis would be a futile action. This position reflected the observation made by Jacques Berque, in connection with a broader period, that the national problem was considered "as preeminently an economic and financial one. It began with the Debt and it was to end with the nationalization of the Canal."⁵

There was a further confirmation for the connection between the general political context and the idea of founding a national bank during the second nationalist interregnum (1881-1882), when this idea was revived. Interestingly, we also note here the existence of two conceptions mirroring some of the variations between Shumayyil and *"Inmā' al-Māl."* The first of these conceived of the national bank as an agricultural credit agency which would be established with a greater or lesser government involvement.⁶ This seems to have been the concept favored by the government in early 1882, during which time Sharif's second cabinet was still in

² Shumayyil, "al-Bank al-Ahlī."

³ This expression could also be understood to mean "the commoners."

⁴ *al-Ahrām*, 26/6/1879.

⁵ Jacques Berque, *Egypt: Imperialism and Revolution* (London, 1972), p. 174.

⁶ A. Laugel, "The Fellaheen of Egypt and the money-lenders," *The Nation* 34 (1882): 183.

power and the various factions within the traditional elites were still allied.⁷ 'Urābī's own vision, expressed later in February after Sharif's fall and the beginnings of disintegration in the national front, still favored an agricultural bank, but conceived of it as a direct government undertaking which targeted an overall alleviation in peasants' living conditions. For 'Urābī, the national bank was one item of an agenda which included measures like the abolition of corvée and of privileged access by large landowners to water.⁸ The private dimension seems to disappear in that conception and the bank becomes more of a government agency rather than a commercially viable project.

The second variation was conceived by three financial houses owned by Syrian residents in Alexandria (Jubrān Mukhalla', 'Āidāh and Zughayb).⁹ In that variation, the urban tendencies of the national bank appear once more. The bank was conceived as a joint-stock credit institution that would advance credit both for agricultural purposes and for the purpose of promoting modern manufacturing concerns. Half of its capital of £2.4 million would be subscribed by its Syrian sponsors, but the other half would be confined to Egyptians.¹⁰ The national character would be maintained by recruiting the bank's management from Egyptians¹¹ and experienced and honest merchants,¹² and by the use of Arabic in communication. The parallels to Shumayyil's conception can be noticed here in the urban emphasis, specific reference to merchants, and asserting language as a tool of identity. The bank, however, would still be part of the existing financial establishment inasmuch as it would have had its headquarters in Alexandria, with branches in various provinces.¹³

The idea of national banking was therefore rooted in the nationalist movement. The context created by that movement provided banking sponsors with the momentum

⁷ Sālim, p. 429. This was apparently deliberated by the Council of Ministers under Sharif in January 1882.

⁸ Blunt, *Secret History*, pp. 206, 210; Sālim, p. 430.

⁹ Hāmid, *al-Niẓām*, pp. 170-171, citing *al-Mufīd*, 23/1/1882. Laṭīfah Sālim quotes a news caption from *Miṣr* which refers to a proposal along very similar--almost identical--lines. See Sālim, p. 430, citing *Miṣr*, 15/1/1882 and *al-Ahrām*, 17/3/1883.

¹⁰ Hāmid, *al-Niẓām*, pp. 170-171, citing *al-Mufīd*, 23/1/1882.

¹¹ Ibid., *al-Niẓām*, pp. 170-171, citing *al-Mufīd*, 23/1/1882.

¹² Sālim, p. 430, citing *Miṣr*, 15/1/1882.

¹³ Hāmid, *al-Niẓām*, pp. 170-171, citing *al-Mufīd*, 23/1/1882; Sālim, p. 430, citing *Miṣr*, 15/1/1882 and *al-Ahrām*, 17/3/1883.

that could carry their idea and a broad frame of reference within which they could articulate a conception for their specific brand of a national bank. In appealing for public support, those sponsors were basing their calls on a basic tenet--viz. the importance of the economic factor in determining outcomes of political confrontations--which seems to have been finding its way in other reflections on the implications of Egypt's political situation. In those expressions, national banking proposals take the appearance of a political as much as an economic project, a characteristic which is further confirmed by noting the resurgence of this idea within both the first and second national interregna (1879 and 1881-1882).

(B) Economic Nationalism and the European Model

As we have seen, both calls perceived of the national bank as a joint-stock bank with large capital. Generally speaking, the call for a joint-stock bank was consistent with the evolution in Egyptian banking to this form since the establishment of Bank of Egypt in 1856. While arguing their case for a joint-stock bank with a large capital base, however, the sponsors of the two calls drew on their perception of European historical experience and of the instrumental role which banking played within it. We have seen this clearly in the case of "Inmā' al-Māl" in the way the European model influenced its discourse on European business culture, explicitly (the rise of incorporated structures in Europe) and implicitly (the ideal of creation of wealth). It was also revealed in the way "Inmā' al-Māl" used European banking experience to support its argument regarding the vitality of joint-stock banking. Furthermore, there was a sense of admiration of the European model in the exposition by "Inmā' al-Māl" of East-West economic relations. On the other hand, Shumayyil's letter contains traces of the inspiration by the European experience, albeit relatively limited given the overall difference in purpose between that letter (mainly comparing his proposal to a competing project) and "Inmā' al-Māl." All those ideas reflected general tendencies in the thought of Egyptian elites at that time. Mackenzie Wallace observed in the late 1870s/early 1880s that the "National Party" included men who argued that Islam was consistent with material prosperity,¹⁴ an idea resounded in the discourse of "Inmā' al-Māl" on the creation of wealth. The idea that the key to progress in the East lay in understanding the causes of Western progress and

¹⁴ Wallace, p. 81.

copying them was also clearly expressed in *al-Ahrām* around the same time "Inmā' al-Māl" was issued:

Reflect as you may on the retardation of the former [the East] and the progress of the latter [the West]. After knowing the background and comprehending the causes of that situation, do not ask 'why has the Westerner gone ahead of the Easterner and interfered in his life,' since those causes produce that effect. Instead, ask 'what are the means for the progress of the Easterner and his getting rid of the Westerner.'¹⁵

National banking proposals reflected largely this continuing observation of and fascination by the European model. Although Europe was the adversary from whom national interests were to be extracted, it was also the model to which the sponsors of national banking initiatives resorted for inspiration. In the final analysis, the brand of economic nationalism expressed in national banking proposals was impregnated by the idea of emulating European institutions as a means of economic progress. In other words, the idea of progress through "modernization" was an essential element in those expressions of economic nationalism. There are three points in this respect which deserve some analysis. First, how the idea of modernization as a component of economic nationalism was rooted in the long-term social and economic development of Egypt since its integration in the world economy as a cotton supplier. Second, how "Inmā' al-Māl" in particular reflected some of the implications of adaptation to Western institutions. Third, how far the perceptions of the European experience in the examined national banking expressions were an accurate reflection of nineteenth-century historical experience and ideology of economic nationalism in general.

1. Modernization and Adoption of European Models in Egypt

As we have seen earlier, the integration of Egypt in the world economy as a producer of cotton for the European market was reinforced in the early to mid 1860s by the American war. Consequent developments occurred to accommodate the expansion in exports, all involving European technology, processes and expertise. As shown in earlier parts, efforts intensified for building up the network of infrastructure in irrigation and transport. With the need for quicker ginning techniques at the time of the war, the use of steam-driven technology in the processing of cotton gradually replaced traditional manual ginning, given the

¹⁵ *al-Ahrām*, 24/7/1879.

enormous productivity advantage of the former (10 hours per *qintār* compared to six or seven days per *qintār* in the case of manual ginning).¹⁶ Between 1859 and 1863, the proportion of the crop that passed through steam-engine operated gins increased from one-eighth of a crop of some 0.5 million *qintār* to one-third of a crop of some 1.3 million *qintārs*.¹⁷ Expansion in the capacity of ginning was matched by qualitative improvement in the apparatus.¹⁸ The use of steam engine technology spread to another vital activity, irrigation, through steam-operated water lifting pumps.

The expansion in the use of European technology forced a corresponding adaptation by the issuance of laws and decrees regulating their use. We find laws for regulating the operation of steam-engine gins appearing for the first time in November 1860.¹⁹ Other steam-engine applications were regulated by a code issued in October 1866, which specified permitted locations and safety measures in the construction of steam-engine workshops and stipulated that the erection or movement of such facilities had to be licensed.²⁰ As the use of steam-engine technology expanded, further laws and orders were issued to address the problems of that expansion. In 1879, an uncontrolled expansion in water-lifting pumps triggered orders by the Ministry of Interior to remove those that were installed without prior license.²¹ In 1880, a series of correspondence took place between the

¹⁶ Owen, *Cotton*, pp. 77-78.

¹⁷ *Ibid.*, pp. 78, 106, 106 n. 3. The implied expansion in ginning capacity would be almost seven folds between 1859 and 1863, from some 65,000 to some 430,000 *qintārs*.

¹⁸ The following comparative account describes the improvement in apparatus. Formerly, a little mud-brick, flat-roofed hovel, with a few gins and an agricultural portable engine, did for a cotton-ginning factory; but now we see powerful fixed engines of 30, 40, and 50 horse-power, ginning rooms with some pretence to architecture, well lit and ventilated, with roofs supported by trussed principles, with open louvres on the top to keep up a current of air and carry the dust that comes from the cotton away outside, with tall, well-built chimneys; all showing immense progress and improvement.

Francis Cobb, "Egypt: Its Commercial Changes and Aspects," *Journal of the Society of Arts* 26 (1878): 356.

¹⁹ The earliest decree I could identify on the construction and use of steam-engine gins was a supreme order dated 19 Rabi' Thānī 1277/4 November 1860. See Jallād, vol. 1, pp. 63-64.

²⁰ *Ibid.*, vol. 1, pp. 305-306.

²¹ *Ibid.*, vol. 1, p. 307. This was a communiqué issued on June 3, 1879 by the Ministry of Interior and addressed to various provinces and localities. The underlying incidence involved the installation of a steam operated water-lifting pump on al-Khaṭāṭibah Canal.

Ministries of Interior and of Public Works, following observation by the former that steam-engine workshops approached areas closer to the cities than the limits allowed by the 1866 code.²²

Corresponding changes occurred among urban communities, partly under the influence of increasing number of foreign residents.²³ The transformation of urban life, however, was felt beyond the increase in the number of Europeans, and signified the domination of public and private life by European patterns. In the words of Lady Lucy Duff Gordon, "European ideas and customs have extinguished the Arab altogether, and these who remain are not improved by the contact."²⁴ European patterns were adopted as ideals in urban landscape and city planning,²⁵ and in the private lives of elites in housing, costume, food, celebrations, etc.²⁶ The extent of change which occurred between the 1850s and the 1870s can be gleaned from various accounts describing the change in major commercial cities between those two dates. By the 1870s, European style had penetrated urban centers of political and economic weight--particularly Alexandria, but also Cairo and the Canal cities--as revealed in the following account on conducting business in Alexandria, which the writer also calls "Cottonopolis."

The talk was of bales and cargoes, and consignments and exchanges; and men adjourned to the famous café in the *Rue de*

²² See *ibid.*, vol. 1, pp. 307-309 for various correspondence between the Ministries of Interior and of Public Works.

²³ By the late 1870s/early 1880s, the European population ranged between at least 80,000-90,000 (official statistics) to some 200,000, a percentage to the total population of some 1.5% to 3%. For various estimates, see Ninet, pp. 119, 120; *The Times*, 12/4 and 23/10/1879; McCoan, p. 44; Rothstein, p. 64; Crouchley, *Economic Development*, p. 125; Owen, *Cotton*, pp. 84-85, 157.

²⁴ Lady Lucie Duff-Gordon, *Letters from Egypt (1862-1869)* (London, 1969), p. 81.

²⁵ There are abundant accounts and analysis of urban change during that period. A general description can be found in Shārūbīm, vol. 4, p. 160 and McCoan, p. 118. McCoan also includes entire sections on major cities, including Cairo. See McCoan, pp. 46-50, 55-57. Other cities (Canal cities) are also covered in an article by an anonymous writer, from whose account I quoted a passage on Alexandria. See note 27 below. Jacques Berque addresses the city as a unit of analysis and "Cairo as a Bazar" in various parts of his study. See Berque, pp. 69-71, 75-102, 108.

²⁶ An interesting overview can be found in al-Rāfi'i, *'Aṣr Ismā'il*, vol. 1, pp. 272-274. See also Sālim, p. 57. The change was felt even among rural elites, i.e. the a'yān, whose houses followed the European style in construction and furniture. See Wallace, pp. 211-212.

la Bourse [sic.] to clench a bargain after the sociable fashion of Manchester or Liverpool.²⁷

By that time, Egypt had already been long exposed to European companies operating as joint-stock structures, particularly shipping companies like the East India Company, Oriental Steamships, Peninsular and Oriental Steam Navigation (all British), Messageries Maritimes, and Lebon & Co (both French).²⁸ In addition to these international companies, a few joint-stock companies were established by Europeans either as Egyptian companies or as foreign companies operating in Egypt. Subsequently, some companies were established with leading figures of the traditional elites among their shareholders. One of these, al-^ʿAzīziyah Company, included Sharīf Pāshā and other traditional elites as shareholders with some resident European private bankers, like Oppenheim and Dervieu, and floated part of its stock in foreign capital markets.²⁹

At the same time, there was a corresponding rise of the European model in political administration. This was revealed in Ismāʿīl's famous statement on accepting the preliminary report of the Commission of Inquiry in 1878 that Egypt was no more part of Africa, but a piece of Europe.³⁰ We have seen earlier how the constitutional demands in "al-Lā'ihah" took European parliaments as a frame of reference, and how Ismāʿīl's letter of assignment to Sharīf instructed him to follow the European model in the drafting of a new organic law. Similarly, parliamentary demands made in the second interregnum (1881-1882), whether by ʿUrābī or in a collective memo by 1,600 of the *aʿyān*, also took European forms as their point of reference.³¹

²⁷ "European Life in Egypt," *Chambers's Journal of Popular Literature, Science and Art* 4th ser., 19 (1882): 602. This account contains various descriptions of the patterns of European life in Alexandria, be it with respect to sporting habits (cricket, rowing), entertainment (theatre), or social tastes (beer clubs), etc. Contrast this account written in the 1870s to others given in the 1850s and early 1860s on an entirely different Alexandria. As examples of the latter, see Samuel W. Baker, "Reform of Egypt," *Fortnightly Review* 38 (1882): 536 and the account in McCoan by one Eliot Warburg who visited Alexandria in the early 1850s. McCoan, p. 42.

²⁸ al-Hittah, pp. 216, 234, 257; Crouchley, *Investment*, pp. 35-38, 41; Owen, *Cotton*, p. 280. See also Chapter One, notes 32 and 33.

²⁹ See Chapter One, note 114.

³⁰ See Chapter One, note 56.

³¹ ʿUrābī, vol. 1, p. 236; al-Naqqāsh, vol. 4, p. 113; Sālim, p. 204 citing *Miṣr*, 23/2/1882.

Finally, we have the example of Sharif's proposal in 1879 for a population census, which took European practice as its example.³²

European patterns were thus penetrating vital production activities, public and private consumption, and state and public administration. With this, a corresponding rise in the European model took place, and was partly reflected in a revision of existing legal codes and the introduction of new ones. The inclination to adopt modern European institutions in various fields of economic and social activities was a corollary of this general rise of the European model, and gave rise itself to issues related to that adoption. An important issue among these was the issue of adaptation.

2. Implications of the Rise of the European Model

With the rise of the European model and the growing tendency to emulate European institutions an ideological tension (Europe as a model :: Europe as a foe) began to mark a continuing dilemma in public and political life and in intellectual production. The tendency to emulate European models created a space for European expertise and thought, and the fear for national interests gave rise to an opposing tendency towards confining that space. An incidence of that tension was mentioned earlier in the discussion of the national cabinet's attempt to confine European presence to an advisory role. The *raison d'être* of copying European forms was fitted in the framework of the ongoing struggle with European powers: copy their tools and excel in them to be able to confront and combat them.

Apart from the direct reference in national banking proposals to the European model, there were less direct ways in which the influence of that ideal could be felt. One of those was the way the European model dictated a revision of existing norms to accommodate the new forms, viz. the issue of adaptation. We can see this in the way "Inmā' al-Māl" addressed the conformity of the proposed bank with Shari'ah. This attempt to address the legitimacy of interest-based transactions demonstrated an observation made by Nassau Senior in his visit to Egypt over twenty years earlier that the problems of interest-based transactions could be overcome by

³² *Fihrist al-Awāmir al-Āliyah 1876-1880*, pp. 99-100; cited also in Sāmī, vol. 3 pt. 3, p. 1566.

interpretation.³³ As shown previously, "Inmā' al-Māl" used two yardsticks to judge the legitimacy of the proposed institution, purpose and pricing. These are themselves variable measures, which change with the context from time to time. What may be considered acceptable pricing at a given point of time may be excessive in another, and what may be an urgent public interest may cease to be so. This wrestling with issues of legitimacy was one incidence of reconciliation (*al-tawfiq*), which was in itself a trend in dealing with the problematic of adaptation. Naturally, this involved a tendency to treat issues of absolute judgment in a way that subjected them to relative measures, emanating from a specific existing context. But these issues remained subject of debate. Some sixty years after "Inmā' al-Māl" was issued, Albert Forte expressed his hopes that Egypt's elites would realize the importance of educating the public on questions of interest-rate legitimacy.³⁴ "Inmā' al-Māl" was an early demonstration of the role the traditional elites tried to play in this respect.³⁵ From this perspective, the examined national banking proposals were representative of a broader discourse on modernity, a lot of which is still ongoing.

3. Economic Nationalism and the Nineteenth Century Experience

As shown earlier, "Inmā' al-Māl" started its discussion of the European model by registering advances in European products, from consumer products to capital goods. Interestingly, the fascination with European products was then extended to European modes of business organization directly, and the former was conclusively attributed to the latter. No questions were raised regarding the factors that underlied the evolution of joint-stock structures in Europe.³⁶ One explanation for focusing on

³³ Nassau Senior, *Conversations and Journals in Egypt and Malta, 1855-1856* (London, 1882), vol. 1, p. 222.

³⁴ Forte, p. 199.

³⁵ The legitimacy of charging interest was itself a thorny issue in adaptation. This was the case even much later than 1879. Crouchley suggested that the public's reluctance to deposit their funds in banks and their preference to use them in the purchase of land was a major impediment against the development of banking. There are indications, however, that interest-based deposits were recognized and practiced by or close to 1879. For example, a supreme order issued in April 1882 stipulated a change in interest rates in civil and commercial laws to 7% and 9% respectively. Also, funds fed by salary deductions and involving the capitalization and reinvestment of interest were established for army officers and for al-Dā'irah al-Saniyah employees in late 1881 and early 1882 respectively. See Crouchley, *Investment*, p. 9; Jallād, vol. 2, p. 683; *Mudhakkirāt al-Za'im Aḥmad 'Urābī*, vol. 2, pp. 110-111; al-Naqqāsh, vol. 4, pp. 211-216. See also Harrari, pp. 148-149 and A.S.J.Baster, *The Introduction of Western Economic Institutions into the Middle East* (Oxford, 1960), pp. 8-9.

³⁶ See the discussion in Chapter One on institutional changes in European banking during the nineteenth century.

structures without addressing their evolution may be that there was a tendency to adopt a pragmatic approach aiming at a direct copying of forms as a means of forcing some revolutionary or summarized historical leaps. Alternatively, perhaps what this focus reveals is the limits of the sponsors' learning from the European historical experience at that time, which may have been a result of their awareness of business forms with which they got into direct encounters but not of their roots.

At any rate, the discourse adopted in both calls focused on the transformative role of banking on the level of the entire economy. This included the stress on economic transformation as the means for political strength and on banking or financial capital as the cornerstone of such transformation. It also included the contention that nation states safeguarded their national banks carefully, as well as a suggested connection between national banks, foreign policies of nation states and political domination. Much of that discourse echoed ideas that we find in other contemporary expressions in Egypt.³⁷ This is also consistent with the conclusions reached in general studies on banking and economic history on the role of international banking as an agent for economic transformation and the connection between it and the growth of commerce.³⁸ Furthermore, the belief in the close connection between

³⁷ Many of these ideas were expressed in editorials of *al-Ahrām* between March and July 1879. See *al-Ahrām*, 20/3, 26/6 and 24/7/1879.

³⁸ We find this, for example, in the following two passages:

In 1870 the eyes of China watched only the slow movement of native junks down inland rivers; the tired traveler was jounced in stagecoaches from the fever-stricken coast to the plateau on which Mexico City stands; the rushlights or candles of antiquity still burned in the houses along the Bosphorus Straits. In 1914, the locomotive speeded on heavy rails to the Siberian coast and into the heart of China; four railways entered Mexico City; power plants sent the electric light that was reflected in the Straits; all had been provided by foreign capital. The circumference of capitalist activity restlessly expanded to include the outermost regions. (Feis, p. 463)

To a striking degree, the development of much of the new international trade of the nineteenth century was dependent upon the growth of international banking facilities. In Great Britain, manufacturing industries on an export basis existed *before* [sic] the banks began to develop their present network of international connections; but their subsequent development was immensely facilitated by these connections. In Germany, the banks themselves took the initiative much more, largely owing to their existing responsibilities for the extension of German industry....Perhaps some part of the relatively inferior position of French foreign trade before the War may be explained by lack

banking and national policies mirrored the experience of Egypt at that time. Different foreign communities had their own banks and dealt only with them, to the extent that "they were cautious not a single transaction would pass to a bank of another nationality."³⁹ These banks demonstrated a nationalist character in their operations. They used their mother tongues, hired their own nationals, and reported directly to their headquarters abroad.⁴⁰ In addition, the opening and activities of banks were aspects which involved diplomacy. When the proposal for establishing the Bank of Egypt as the first Anglo-foreign bank was submitted to the British government, inquiries were made by the Foreign Office before granting the charter. The Consul-General in Egypt was favorable "upon political as well as commercial grounds."⁴¹ In 1860, the Comptoir-Laffitte loan was advanced "with the blessing & the guarantee of the French government."⁴² In the mid-1870s, when the Anglo-Egyptian Bank was susceptible to the adverse impacts of the public debt crisis, its directors sought British diplomatic support in obtaining, first, repayment from the Khedive, and second, part of the business emanating from debt settlement plans.⁴³ Finally, in the early 1880s, Franco-British rivalry was expressed in competing to establish mortgage lending institutions, then the more lucrative credit business, and Credit Foncier Egyptien and the Land and Mortgage Company of Egypt were established to represent French and British interests respectively.⁴⁴

An interesting point to note here is that many of the ideas sounded in national banking proposals in Egypt were representative of the ideology of economic nationalism in the nineteenth and early twentieth-century in general. It was generally believed that "national trading interests abroad cannot be reliably served unless there is a national bank there to do it."⁴⁵ Public interest in France, Germany and the United States regarding the formation of overseas banks was "due to the belief that

of foreign connections of the French banking system adapted to
this business. (Baster, *International*, pp. 6-7)

³⁹ 'Abd al-Rasūl, p. 28.

⁴⁰ Tignor, "Modern Banking," pp. 113-114, 116; 'Abd al-Rasūl, p. 28.

⁴¹ Baster, "Origins," p. 79 and also in idem., *International Banks*, pp. 62-63. See also Edward Malet, *Egypt 1879-1883* (London, 1909), p. 43.

⁴² Landes, *Bankers and Pashas*, pp. 106-108.

⁴³ Various correspondence between Masterman as Director of AEB and various British officials from March to June 1877. *Parliamentary Papers, 1878-1879, Egypt 2* (1879), vol. 78, pp. 292-295, 296-299.

⁴⁴ Thobie, p. 428. Thobie maintains that the intervention of European banks in the Ottoman Empire, Egypt, and Persia involved two intimate processes, "one of financial and economic technique, the other of politics." Ibid., p. 406

⁴⁵ Baster, *International Banks*, pp. 7-8.

the foreign trade of these countries stood in danger of diversion into English hands so long as it was financed through English banks."⁴⁶ Conversely, there were concurrent suspicions in England against the activities of foreign banks.

Certain foreign banks are undertaking British business at a very low [interest] rate in order to secure the opportunity of examining shipping documents and so collect intimate detailed information concerning the class of goods, their quality, price, marks, etc., which are being sold.⁴⁷

Consequently, calls were made that "British houses cannot be too strongly warned to employ British or Anglo-foreign banks for their operations abroad and not to be tempted by exceptional facilities offered by foreign banks."⁴⁸ This tendency to avoid control by foreign capital over key economic activities was a predominant expression of nineteenth and early twentieth-century economic nationalism, and demonstrated itself in specific policy orientations.

Each country wanted to buy back its public securities, to redeem its railways from foreign ownership, to withdraw from foreign lenders all share in the making of national policy In short, borrowers wanted to nationalize the capital which was active in their domains, to assure themselves that this capital was subordinate to the national powers.⁴⁹

To sum up, the examined national banking calls belonged to a broader discourse in which economic nationalism was impregnated in modernism, reflecting a long-term rise of the European model in Egypt. This posed questions of adaptation, some of which--like the question of interest--are still subject of ongoing debates. Possibly due to their occupation with the immediate goal of founding a joint-stock bank, the specific calls in "Inmā' al-Māl" and Shumayyil focused more on the form than the evolution of European economic power. Those expressions, however, were a fair reflection of the role banks played in European commercial history, of Egypt's experience with modern banking, and of the emphasis on national banking in nineteenth-century ideology of economic nationalism in general.

⁴⁶ Ibid., pp. 7-8. Examples follow for acts and banks supported by the state in the USA, Germany, Japan and England, all in the last decade of the nineteenth and the first two of the twentieth centuries, except England where the date is unspecified.

⁴⁷ Ibid., p. 8 n. 2, quoting *The Times Trade Supplement* of July, 1916.

⁴⁸ Ibid., p. 8 n. 2, quoting *The Times Trade Supplement* of July, 1916

⁴⁹ Feis, pp. 466-467. See also the work of Born who elaborates on this point, mostly using examples from outside the Middle East. Born, 156-157.

(C) National Banking Projects as Commercial Ventures

Shumayyil and the sponsors of "Inmā' al-Māl" presented their projects as commercially viable establishments that would replace foreign capital in their prospective field of activity. Each signaled the existence of some potential market opportunity, whether as an agricultural or commercial credit institution. It was more possible to present these ideas within the context of a movement which aimed at taking over control from a foreign-dominated administration, partly on the strength of financial pledges. Broadly speaking, those calls were a response against increased foreign presence in private economic activities, particularly the more productive and/or lucrative of them. Since they proposed to raise their entire capital domestically, this would have also entailed the precedent of creating a joint-stock bank in Egypt which was free from dependence on foreign capital markets,⁵⁰ and would have served thus as an example for riding private economic activity from foreign control. Viewing these two proposals as commercial ventures entails a discussion of two points relevant to market conditions. First, there is the issue of increased foreign presence in private economic activities, which was the counterpart in business of official European control over Egypt's public finances and administration. Second, this also entails a discussion of market-oriented ideas in the late 1870s for establishing a commercial bank that would partly purchase Egypt's public debt or an agricultural credit institution that would partly deal with the village-debts crisis.

1. Market Foundations of Economic Nationalism

In both of the examined calls, there are allusions to European encroachment not only on state and public treasury, but also on crucial private interests. Europeans acquired land through various means, including possession of direct interests in

⁵⁰ It appears that through the nineteenth and early twentieth-century, banks were constrained by weak domestic deposits due to the general preference by the public to hoard their funds in jewelry or gold or to invest in land. Accordingly, banks sourced their funds from abroad, and were vulnerable to sudden and complete severance of credit lines, as happened in the first world war. Their domestic deposits was confined to rich local foreigners, major joint-stock companies, and official and semi-official bodies, like the Mixed Courts, Alexandria Municipality, the Post Office and Customs Authorities, etc. On these points, see al-Jirītī, pp. 205-206, 234; Crouchley, *Investment*, pp. 9, 27, 28, 31-32, 45; Tignor, pp. 108, 115.

land companies.⁵¹ In terms of total areas and relative shares, European ownership of land by the early 1880s had not yet seen the significant rise which was experienced later. The area held in 1887 was some 225,000 *faddāns*.⁵² Ten years later, this rose to over 550,000 *faddāns*,⁵³ equivalent to some 12% of total agricultural lands, excluding state-owned lands. More significantly, Europeans owned almost a quarter of all areas held as large estates by that time.⁵⁴ Thus, while it is valid to say--as contemporaries and scholars did--that land and cotton cultivation remained largely in Egyptian hands,⁵⁵ it was also becoming evident by the late 1870s that foreign ownership of land was on an increasing trend. This partly explains the stress in "Inmā' al-Māl" on the idea that foreigners would imminently gain control over Egypt's lands.

Furthermore, a division of labor occurred in agricultural activities as manifested in the cotton sector. Nationals continued to dominate cultivation of cotton, while ginning and cotton export were dominated by foreigners.⁵⁶ Salim al-Naqqāsh noticed that a limited number of nationals visited the Cotton Exhibition of 1885.⁵⁷ Exhibitors of good quality products were dominated by foreign names like Choremi, Benachi, Planta, Ralli, and Menkovitch.⁵⁸ Foreigners were able to control irrigation water through ownership of water-lifting pumps, and enhanced their control through various abusive practices (see below). The increased use of steam-engine technology in ginning was the result of initiatives taken since the mid 1850s by Europeans, who focused their investments on such stages of production which

⁵¹ Foreign ownership of land in different parts of the Ottoman Empire was not formally granted until authorized by a law in June 1867, which made it conditional on equal treatment to nationals with respect to taxation. The text of the law can be found in Jallād, vol. 3, pp. 708-711. The text and related protocols with the European powers can also be found in *al-Qawānin al-'Aqāriyah*, pp. 13-16. See also al-Hittah, p. 342; Baer, *Land Ownership*, pp. 65, 66; Barakāt, pp. 194-198.

⁵² Owen, *Cotton*, pp. 238-239.

⁵³ Barakāt, p. 198; Ḥamid, *al-Niẓām*, p. 103.

⁵⁴ Baer, *Land Ownership*, p. 67.

⁵⁵ Wallace, p. 476; Owen, *Cotton*, pp. 128-129.

⁵⁶ Owen, *Cotton*, p. 325. Construction of steam engine gins by Europeans was regulated by the supreme order of November 4, 1860 (see note 19 above). Jallād, vol. 1, pp. 63-64. For a description of a cotton-ginning establishment owned by Whitworth Bros at Maṣṣūrah, see the excerpt from Cobb, in note 18 above.

⁵⁷ al-Naqqāsh, vol. 6, p. 252.

⁵⁸ Ibid., vol. 6, p. 252. Some of those names are also mentioned in Owen, *Cotton*, pp. 113, 321. There are examples and some basic statistics on earlier periods in al-Hittah, pp. 283, 302.

generated a high rate of return.⁵⁹ The sale and distribution of equipment was also dominated by foreign agents, judging by names like George Arthur and Midland Engineering Company which recurred in newspapers advertisements as agents for various suppliers in Lincoln and New Castle, to the exclusion of the names of any nationals.⁶⁰

As for commercial and manufacturing activities, most of the limited industry was similarly in foreigners' hands,⁶¹ and the largest of these started to take the joint-stock form after the creation of the first Egyptian joint-stock company (Bank of Egypt, 1856).⁶² But foreign penetration was not confined to large scale industry and trade. Foreigners were also "the wealthiest retail dealers and best paid artisans in both Alexandria and Cairo."⁶³ A letter by a European resident to *The Times* in April 1879 claimed that most of the resident Europeans--whose number was estimated at 200,000 individuals--were exposed to the same living circumstances as nationals because they worked as shopkeepers, employees, laborers, etc.⁶⁴ Retailers and petty traders were thus facing competition from Europeans on a significant scale, a matter which was reflected in various Arabic newspapers during that period.⁶⁵ Foreigners' encroachment on petty trade and retail activities occasionally happened through the displacement of certain providers of urban services by European-dominated companies offering the same service on a larger scale and in modern forms. An example of this mechanism was the displacement of carriage drivers in Alexandria by the Qumbāniyat 'Arabāt al-Rukūb (Passenger Cars Company), a company established to operate transportation facilities for twenty or more passengers.⁶⁶ The reaction against foreign encroachment on petty trade was

⁵⁹ A net return of 20-25%--presumably on capital--for steam-engine gins is described as "not uncommon." Owen, *Cotton*, pp. 77-78, 128-129.

⁶⁰ *al-Tijārah*, various issues between May and November, 1879.

⁶¹ Crouchley, *Economic Development*, pp. 135-136.

⁶² Examples can be found in Crouchley, *Investment*, p. 41. See also the work of Ducruet regarding European capital in joint-stock companies for the period 1880-1914 and the evolution of legal conditions for joint stock companies in the Middle East. Ducruet, pp. 267-287 and 287-299.

⁶³ McCoan, p. 36. On the spread of Europeans in crafts and commercial activities in Cairo and Alexandria and their privileges, see Sālim, pp. 61-64.

⁶⁴ *The Times*, 12/4/1879.

⁶⁵ See excerpts in Sālim from *al-Tankīt wa-al-Tabkīt* and other papers. Sālim, pp. 338-340.

⁶⁶ Carriage drivers submitted a complaint to the Ministry of Interior against that company. This is partly quoted in *ibid.*, p. 343.

expressed through appeals in some Arabic newspapers, like *al-Tankīt wa-al-Tabkīt* and *al-Tā'if*, as in the following excerpt:

Do not dress except of your country's make, or what originates from her seeds (*min ghursihā*) or from the wool and hides of her animals and is made by the nationals[:] woven by his hand and sold in his shop, in order to maintain the country's wealth and expand her prosperity.⁶⁷

Eventually, The Egyptian Industrial Society (*al-Jam'īyah al-Ṣinā'īyah al-Miṣrīyah*) was established in 1882 for the purpose of developing Egyptian small scale industries. Judging from its share issue (five pounds) and total capital (no more than LE 320), this seems to have focused on adopting the cause of petty traders.⁶⁸

The economic position of Europeans was further enhanced by tax privileges granted under concessions,⁶⁹ and by abuses and evasions backed by consular protection. In many cases, there was a connection between diplomacy and the larger commerce. Nassau Senior had already noticed this connection in the 1850s, and archival evidence exists both from earlier and subsequent periods.⁷⁰ There are also examples of evasions of land tax,⁷¹ of consular blockage of attempts to impose urban taxes from which Europeans were totally exempt,⁷² of exempting land ownership from certain procedural requirements,⁷³ of abuses for the purpose of acquiring monopoly

⁶⁷ Quoted in *ibid.*, p. 340, citing *al-Tankīt wa-al-Tabkīt*, 18/9/1881

⁶⁸ This society was sponsored by *al-Tā'if*, who took part in distributing its shares and compiling lists of shareholders. The shares were sold at LE 5 each. 'Abd Allāh al-Nadīm took four of these, and the rest were taken by members of the society, who were 64 in total. *Ibid.*, p. 340, citing *al-Mahrūsah*, issue 1069, 2/1882. This citation does not carry the day of the month.

⁶⁹ An interesting article on the background and contemporary situation of concessions can be found in *al-Hilāl*, vol. 1 (1892), pp. 59-64. For discussions of privileges and abuses see Barakāt, pp. 316, 318-319; Rothstein, pp. 63-64; 'Isā, pp. 176-180; Sālim, pp. 61-64.

⁷⁰ Senior, vol. 1, pp. 147-148. See also al-Hittah, p. 301. Archival evidence is found in a supreme order in 1280 [1863] regarding the Consul of "the state of al-Maskūb [Moscow]" with respect to the supply of 1,000 *qinṭārs* of Molasses. See Daftar 1907, p. 67, Maḥāfiẓ al-Abḥāth, Daftar 1907, Dār al-Wathā'iq al-Qawmiyah, Egypt. Earlier examples can be found from the days of Muḥammad 'Alī, relating to the Greek and British Consuls. See Sāmī, vol. 2, pp. 450, 486.

⁷¹ See note 51 above.

⁷² *The Times*, 29/10/1879. See also Owen, *Cotton*, p. 143.

⁷³ A supreme order was issued in 1281 [1864] regarding a claim by the inheritors of a Mr. Rosetti for ownership rights over a piece of land reclaimed from a lake. The order denied the legitimacy of the claim on the basis that negotiations for the title were under way when Rosetti died, and that reclamation works were done without prior arrangement. Notwithstanding that denial, ownership was

over local water supply,⁷⁴ and of avoiding litigation for commercial and financial crimes.⁷⁵ As a consequence, some individuals sought European citizenship or protection as a means of obtaining a privileged treatment in commercial or other aspects.⁷⁶ European privileges extended to the media by vesting the supervision over Arabic and foreign press in two separate departments with discriminating standards of tolerance, a situation lamented bitterly by *al-Tijārah*.⁷⁷

2. Opportunities for Commercial and Agricultural Credit Institutions

(a) *Institutions for Purchasing Public Debt*

The idea of establishing a bank to purchase Egyptian debt was conceived three years before Shumayyil made his proposals, albeit in an entirely opposite set of circumstances. In mid February 1876, the government signed a contract with the Anglo-Egyptian Bank (AEB) which gave to that bank the mandate to convert itself by March 15 of that year into a bank "on the model of what prevails in Europe, either for State Banks or for National Banks who carry on the service of the Treasury or Caisse on behalf of the State, and especially of the National Bank of Belgium."⁷⁸ The principal objective of the new bank was to convert Egypt's Floating Debt (some LE18 million at that time)⁷⁹ into a long-term debt by the

authorized as a gesture of "mercy," and owners were made liable to the payment of 'ushr. See al-Abhāth, Daftar 1911, pp. 65, 159 and Daftar 1914, pp. 11, 23.

⁷⁴ The newspaper *al-Tijārah* attacked the installation by Europeans of water pumps over al-Khaṭātibah Lake without government permit, and found it consistent with other abusive practices. Similarly, Muḥammad 'Abduh mentioned an attempt by one Polino Pāshā to block a lake at the time of the annual flood in order to force people to buy water lifted by steam-pumps owned by him. *al-Tijārah*, 2/6/1879; 'Abduh, p. 68.

⁷⁵ For example, there was the case in *al-Waqā'i'* of Austrians and Italians forging currency and their seizure only after consular approval. There are also examples on foreigners obtaining consular protection to avoid seizure. See *al-Waqā'i' al-Miṣriyah*, 19/1/1879; Sāmī, vol. 2, p. 476; *The Times*, 24/10/1879. Owen explains how "domicile" enabled foreigners to evade jurisdiction. Owen, *Cotton*, p. 87.

⁷⁶ 'Isā, p. 177.

⁷⁷ *al-Tijārah*, 15/5/1879. Several announcements were made in *al-Waqā'i'* of newspapers suspended for several days (including *al-Tijārah*, *al-Waṭan*, and *Sadā al-Ahrām*) or totally canceled. *al-Waqā'i' al-Miṣriyah*, 9/2 and 10/2/1879. There is also a note on a microfilm reel regarding the suspension of the two issues of 1/5 and 8/5/1879 of *al-Ahrām*.

⁷⁸ Stanton to Derby, 19/2/1876 inclsr., *Parliamentary Papers, 1876, Egypt 8 (1876)*, vol. 83, p. 13, Article 15. This dispatch from Stanton to Derby includes a summary of the contract between AEB and the Egyptian government, and the inclosure carries the full text of the original contract and an English translation of it.

⁷⁹ This amount was soon consolidated with the funded debt of Egypt in May 1876. Subsequently, budget deficit was financed through fresh indebtedness to

issuance of 10-year 9% bonds. The contract gave the anticipated bank the name Banque Nationale.⁸⁰

There was at least one important strategic difference between Banque Nationale and al-Bank al-Ahli as proposed by Amin Shumayyil. Shumayyil's project came in 1879 within the context of a movement intent on ending foreign control over Egypt's administration and finances. In contrast, Banque Nationale was conceived within the context of expanding foreign control, was intended to be an instrument of that control, and was the original idea of what developed into the network of European control by the decrees of May and November 1876.⁸¹ This contextual difference had at least two major implications on the schemes. First, the provisions of the contract signed with AEB would have enabled Banque Nationale to take over treasury functions by acquiring direct control over government's receipts and payments, restricting the Egyptian government's borrowings, curbing its powers over taxation, and enjoying exclusive right for issuing bank notes. The government would not have had the right of revising the bank's mandate in this respect for five years until the full redemption of the 10-year Floating Debt bonds. This was the case even if the bank--which was supposed to operate also as a commercial bank--incurred significant losses during the lifetime of those bonds. Banque Nationale's purchase of the Floating Debt, thus, was collateralized by strict control over government finances and restrictions over its statutory rights viz-a-viz the bank. This was in stark contrast with Shumayyil's conception. Far from perceiving of any restrictions on the government, Shumayyil, as explained earlier, proposed to deliver part of al-Bank al-Ahli's profits to the government as funds which it could use to partly extinguish its debts. Moreover, Shumayyil considered that a mutually

suppliers and other creditors and the problem of new Floating Debts again became a main concern for the government by 1879.

⁸⁰ There are useful summaries of that project in Saul, pp. 385-386 and al-Jirilti, p. 223. A useful summary of the project and of related diplomacy is given in Rothstein, pp. 18-24. Other partial allusions can be found in Rivers Wilson, pp. 86, 92, 102; McCoan, pp. 135-136; Cromer, vol. 1, p. 12; Baster, *International Banks*, p. 70; 'Isa, pp. 46-47, 83; and Mohammed Ali Rifaat, *The Monetary System of Egypt: An Inquiry into its History and Present Working* (London, 1935), pp. 105-106. The last two works use Cromer as their source, with reservations.

⁸¹ The evolution of the Caisse de la Dette from Banque Nationale was an outcome of conflicts of interest over debt management between England and France. A good idea of that conflict and the related diplomacy can be found in Rothstein, pp. 18-24, and a briefer one in Saul, pp. 385-386.

beneficial relation between his prospective bank and the government was an important condition for the viability of this project.

Another contrast between Banque Nationale and Shumayyil's project was that the former would not have afforded to national shareholders more than a minority share in the new bank, and then only under some extreme assumptions. The planned conversion of AEB into Banque Nationale would have involved raising AEB's capital from £1.6 million to £4.0 million. Original shareholders would have gotten £0.8 million of the new stock, which would have given them a total share of £2.4 million or 60% of the new bank. The entire remaining balance (£1.6 million) was to be put at the disposal of the existing holders of the Floating Debt--most of whom French and other Europeans--who were given a month from the presumed establishment of Banque Nationale to exchange their bonds for those shares at a premium of 10%. Public subscription would be limited to the shares remaining after Floating Debt holders exercised their privilege of first refusal.⁸² Under the extreme scenario that none of the Floating Debt holders took the option of converting their bonds into shares in Banque Nationale, national shareholders could have obtained through public subscription up to 40% of that bank and the majority shares would have still been held by foreign capital.

The contextual difference between the conception of al-Bank al-Ahli and Banque Nationale, therefore, had its impact on the basic plea of each of those two schemes, on the way each of them perceived of its relation with the government and on the role and space afforded to national capital. With due allowance to all those aspects, it should also be noted that the existence of the Banque Nationale project--which was frustrated due to French-British rivalries rather than considerations of financial viability⁸³--shows that it was possible to conceive of a bank that would purchase public debt and still operate as a commercially viable venture. In this respect, the important difference between the two conceptions related to the proportion of the debt that each of them would have purchased. While Banque Nationale targeted only a small proportion of that debt in 1876, Shumayyil's proposal targeted the bulk of Egypt's larger public debt in 1879. Evidently, this also was a further demonstration of the burden which Shumayyil's project had to endure should it be

⁸² Stanton to Derby, 19/2/1876 inclsr., *Parliamentary Papers, 1876, Egypt 8 (1876)*, vol. 83, p. 13, Article 14.

⁸³ See Rothstein, pp. 18-24.

presented as a plea for national liberation. Thus, there was an inherent conflict between the political and commercial considerations in an agenda of economic liberation which took public debt as its point of departure. One way out of this dilemma was to redefine the concept of economic liberation itself, which is what "Inmā' al-Māl" practically involved.

(b) Agricultural Credit Institutions

In highlighting the beneficial role of the proposed al-Bank al-Waṭanī al-Miṣrī, "Inmā' al-Māl" warned against the imminent risk of land transfer to usurers and foreign creditors. This warning echoed a debt crisis which was then experienced in the Egyptian countryside. Village debt crises started in the mid 1860s, with the end of the American Civil War and of the cotton boom (1861-1864).⁸⁴ The crisis was accentuated in the 1870s, partly due to natural disasters⁸⁵ but largely as a result of systemic tax extortion which intensified with the public debt crisis. Taxation forced the peasants into a vicious circle of borrowing and debt accumulation,⁸⁶ culminating in a state of perpetual debt in the 1870s. By the early 1880s, the correspondent of *The Nation* wrote that village population were "becoming more and more pauperized and dependent on the money-lenders for even the means of life."⁸⁷ Wallace gives us a detailed story of the impoverishment of a peasant and his extended family after years of abundance, explaining the gradual loss of their cattle, land and crop (i.e. their capital and their earnings) to the tax gatherer and to the usurer, as well as the ultimate breakdown of the family as an extended unit (hence the further reduction in their collective productive capacity), and the subsequent degradation of the family head to the status of share-cropper.⁸⁸ By the end of the

⁸⁴ Cotton prices peaked at \$52/qinṭār in August 1864 then dropped in December, the time when the crop reached the market, to \$37/qinṭār, i.e. a fall of some 30% in four months. On the effects of the cotton boom, see al-Naqqāsh, vol. IV, p. 130; al-Rāfi'ī, *'Aṣr Ismā'īl*, vol. 2, p. 29; Baer, *Land Ownership*, p. 35; Owen, *Cotton*, p. 119.

⁸⁵ Natural disasters included the cattle murrain of the 1860s which had a continuing impact through the late 1870s/early 1880s. There is a very well-written analysis by Baker of the continuity of the impact of that murrain. See Baker, pp. 538-539. These disasters also included a series of droughts and floods between 1877 and 1881. See Baer, *Land Ownership*, pp. 35-36.

⁸⁶ See *al-Ahrām*, 6/3 and 21/8/1879; Stuart, "Reports," in *Parliamentary Papers*, p. 157; Baer, *Land Ownership*, pp. 35-36; al-Naqqāsh, vol. 4, p. 130.

⁸⁷ Laugel, p. 183.

⁸⁸ Wallace, pp. 183-187. See also the account by an anonymous nineteenth-century writer who describes the living and consumption patterns of the peasant in some detail, then concludes that "[i]t is hard to imagine a more dreary existence than

1870s, village debts accumulated to a point where the interest burden absorbed more out of the peasants' incomes than what they paid for land tax,⁸⁹ even in areas where the debts were relatively low.⁹⁰

There were several conditions in the late 1870s which made it possible to conceive of a solution for the village debt crisis through a commercially viable arrangement, unlike the case in the first instance of a village debt crisis in the mid 1860s. At that earlier time, village debts aroused public concern which was expressed in the deliberations of the first parliamentary session (November 1866 to January 1867).⁹¹ However, remedial action came through a government-sponsored package only, which was promulgated in a special decree (*Lā'ihat Duyūn al-Ahālī*, 1865)⁹². This deal, which became known as *Sanadāt al-Qurā* or Village Bonds, offered settlement to the creditors through the issuance of government bonds in their favour. The transaction was administered by the government on a non-commercial net-cost basis⁹³ and involved outlay of funds estimated between £680,000 and £2.5 million.⁹⁴ Countryside lending, at that time, was an attractive activity for local

that led by the ordinary Fellah." See "The Fellah," *The Eclectic Magazine* 89 (1877): 454.

⁸⁹ Estimates of the total amount of peasant indebtedness by the end of the 1870s ranged from £5 million to £20 million. For various estimates, see Stuart, "Reports," in *Parliamentary Papers*, p. 155; Baer, *Land Ownership*, p. 37; Blunt, *Secret History*, pp. 19-20, and Wallace, p. 466. According to Roger Owen, however, all attempts to estimate debts of small peasants are no more than guesses. Owen, *Cotton*, p. 272.

⁹⁰ A specific example is given from rice-swamps on the northern strip of the Delta, which were among the lands with a relatively low debt burden. In that region, the debt per *faddān* was some £2, more than half of which represented interest. In contrast, the land tax in these areas was only 90 piastres per *faddān*. Stuart, "Reports," in *Parliamentary Papers*, p. 155.

⁹¹ al-Rāfi'i, *'Aṣr Ismā'il*, vol. 2, p. 93.

⁹² "Ṣūrat Lā'ihat Duyūn al-Ahālī," pp. 128-131. See Chapter One, note 83. The government's perspective of the background to that crisis and of its spread in the Delta and Upper Egypt is given in the preamble to that decree. Village bonds are given various coverage by contemporaries and in secondary sources. Of the contemporary accounts, see al-Naqqāsh, vol. 4, pp. 130-131; Wallace, p. 472; McCoan, p. 124. Of the secondary sources, see Barakāt, pp. 321-322; Baer, *Land Ownership*, p. 35; al-Rāfi'i, *'Aṣr Ismā'il*, vol. 2, p. 29; Sālim, p. 36; Owen, *Cotton*, p. 119.

⁹³ Mulhall stated that Ismā'il "started village-banks on the Crédit Foncier system to save the Fellaheen [sic.] from usurers, and lost £900,000 in the venture." Mulhall, p. 531. There are no allusions in any other source to a venture for that purpose conducted on commercial basis. Mulhall may be referring to the Village Bonds, which appear as the main intervention by the government--if not the only one--on account of village debts during the reign of Ismā'il.

⁹⁴ The variance possibly implies different aspects of measurement. The highest estimate is made by Wallace, who gives it as an estimate of the total debt absorbed

money-lenders from various minorities--particularly Greeks--who earned their returns by charging exorbitant interest rates.⁹⁵ However, by the mid 1870s, a few years before "Inmā' al-Māl" was issued, the market situation had evolved following changes in mortgage practices after the foundation of the Mixed Courts.⁹⁶ Consequently, the field became conducive for the promotion of mortgage companies that would advance loans at substantially more moderate rates of interest than usurers, but against the mortgage of land. Because of this development, it became possible to approach the village debt crisis in the late 1870s through commercially viable arrangements that would displace village lenders. As a result, the various schemes that were contemplated in the late 1870s and early 1880s to deal with the prevailing village debt crisis involved the creation of an agricultural credit institution as a once-and-for-all takeover of the usurers' market.

By that time, there were two other dimensions in the situation which made it possible to formulate such a business undertaking on a nationalist platform. First, the change in mortgage practices had resulted in the dispossession of farmers to the benefit of foreign lenders. This phenomenon, which took serious political implications by the late 1870s and beyond, is reported abundantly in the accounts by nationals and foreigners alike. An ex-District Governor of "Zouyet-el-Noora" village of the province of Munūfiyah testified that some 5,000 *faddāns* had changed hands in his district through money-lenders, and that the area passing into their hands in that province alone was some 50,000 *faddāns*.⁹⁷ During the 'Urābī movement, 'Abd Allāh al-Nadīm mobilized support by provoking the people against usurers and their collusion with Mixed courts against the peasants.⁹⁸ Following the British occupation, the Governor of Banhā suggested to MP Villiers Stuart that the dispossession of land to Christian minorities was the most urgent crisis facing the government, and testified that there was a rapid transfer of land to

by the government. The lower estimate is found in Owen, who refers to it as the amount of loans accepted by the government. See al-Naqqāsh, vol. 4, pp. 130-131; Wallace, p. 472; al-Rāfi'i, 'Aṣr Ismā'il, vol. 2, p. 29; Owen, Cotton, p. 119.

⁹⁵ See Chapter One, note 128.

⁹⁶ On the role of the Mixed Courts in enhancing mortgage practices and land loss, see the sources mentioned in Chapter One, note 81.

⁹⁷ Stuart, "Reports," in *Parliamentary Papers*, p. 176. See also *ibid.*, pp. 155, 172; Laugel, p. 183; Baer, *Land Ownership*, p. 36.

⁹⁸ The effect of the dispossession of peasants on lining up support for 'Urābī has been suggested by a variety of writers. See Wallace, pp. 86-87, 291; Stuart, "Reports," in *Parliamentary Papers*, pp. 150, 155; Baer, *Land Ownership*, p. 36; Sālim, pp. 221, 294.

usurers to the extent that "[y]ou can see them in every village almost in this district, occupying the land which lately belonged to natives."⁹⁹ There are allusions to cases of villages where most of the lands were mortgaged, like in the case of Minyat al-Murshid.¹⁰⁰ The dispossession of peasants reached extents which made a nineteenth-century British writer estimate that "about half of the land of the Delta has passed into the hands of aliens, who pay next to nothing to the Egyptian treasury."¹⁰¹ Egypt was not alone in facing this situation.

Throughout Asia and Mahommedan [sic.] Africa, from Rangoon to Momdalay, from the Sunderbunds to Peshawur, from Zagazig [sic., Zaqāzīq] to Tetuan, the absorbing problem of social and political concern on the domestic side is the problem of rural indebtedness.¹⁰²

Furthermore, the connection between dispossession and foreign takeover was compounded by the links perceived between foreign domination and the background to this situation. The fact that taxes were intensified with the deterioration in the public debt position suggested a connection between village suffering and foreign debt demands,¹⁰³ and the role played by foreign influence in the creation of the Mixed Courts made it all the more possible to perceive a connection between dispossession and foreign domination.¹⁰⁴ This connection was acknowledged by Lord Dufferin who, furthermore, suggested a similarity in this respect between the role of the British in Egypt and in India.

[I]n the same way as the introduction into India of British Codes invested the creditor with new powers, so in Egypt the International Tribunals have, on the one hand, stimulated the fellah's borrowing instincts by constituting his holding a legal security, and on the other, they have armed the mortgagee with

⁹⁹ Evidence of Ahmed Jeredli Bey [sic.], Governor of Banhā, dated 21/12/1882, in Stuart, "Reports," in *Parliamentary Papers*, p. 172.

¹⁰⁰ Fahmī, pp. 205-206. All of Minyat al-Murshid's lands were mortgaged in 1886, a matter which caused strife and legal suits to an extent that disturbed the capital city, Dūṣūq. Fahmī alludes to this village in his biographical note on Faṭḥ Allāh Barakāt.

¹⁰¹ A.J.Wilson, "The Eleventh Plague," p. 663.

¹⁰² "Moneylending in the East," p. 765.

¹⁰³ See *al-Ahrām*, editorials of 31/1, 6/3 and 21/8/1879, as well as parts cited from *Le Débat* on 20/3/1879. See also Shārūbīm, vol. 4, pp. 161, 172. The connection between debt settlement plans (starting from Goschen's) and increased taxation is suggested in British sources. See Mulhall, pp. 527-528; A.J.Wilson, "Eleventh Plague," pp. 659-660; Blunt, *Secret History*, p. 11.

¹⁰⁴ Stuart, "Reports," in *Parliamentary Papers*, pp. 155-156.

far too ready and extensive powers of selling up the encumbered owner.¹⁰⁵

There was, thus, a ripe market opportunity for an agricultural credit institution that would be promoted by national capital. The market-based orientation of that prospective undertaking rendered it a proposal worth consideration by a variety of parties. *The Times* suggested that the idea of establishing an agricultural credit bank was considered by the Commission of Inquiry and Rivers Wilson immediately before April 1879.¹⁰⁶ During the second national interregnum, 1881-1882 (viz. the 'Urābist period), *The Nation* carried news of intentions to found a national bank that would advance small amounts of capital on easy terms to cultivators.¹⁰⁷ After the British occupation, the possibility of establishing district agricultural banks was raised in the investigations made by Villiers Stuart in the Egyptian countryside in early 1883, which involved interviews with people who came from a wide range of land holdings.¹⁰⁸ The broad lines of that idea were part of Lord Dufferin's recommendations in his subsequent report on the reorganization of Egypt.¹⁰⁹ Shortly afterwards, a previous collaborator with the nationalist movement, Salīm al-Naqqāsh, spoke strongly in favour of such a bank and presented his own scheme for it.¹¹⁰

There were three common factors in all those proposals. First, they envisioned an institution that would settle debts due to the state or to private entities.¹¹¹ In some formulations, this involved the purchase of debts against some long-term low interest-rate bonds for existing creditors, that would be redeemed from debtors by

¹⁰⁵ [Lord Dufferin,] "Reorganization in Egypt. General Report," in *Parliamentary Papers, 1883, Egypt 6(1883)*, vol. 83, p. 106. This passage is used in various ways in several references. See Rothstein, p. 115; 'Abd al-Raḥman al-Rāfi'i, *Miṣr wa-al-Sūdān fī Awā'il 'Ahd al-Iḥtilāl* (Cairo, 1966), p. 30; Shafiq, vol. 1, p. 230; Baer, *Land Ownership*, p. 34; Harb, p. 32. Rothstein quotes this passage with minor deviations from the original.

¹⁰⁶ *The Times*, 12/5/1879.

¹⁰⁷ Laugel, p. 183.

¹⁰⁸ Stuart, "Reports," in *Parliamentary Papers*, pp. 147-195. The range of ownership interviewed included a *fallāḥ* with 3 *faddāns*, an ex-District Governor with 1,300 *faddāns*, and a *shaykh* with 30 *faddāns*. See *ibid.*, pp. 169-170, 176, 178-179.

¹⁰⁹ Dufferin, "Reorganization," in *Parliamentary Papers*, pp. 107-108. See also Shafiq, vol. 1, p. 230.

¹¹⁰ al-Naqqāsh, vol. 6, pp. 132-134, 139-140.

¹¹¹ See Stuart, "Reports," in *Parliamentary Papers*, p. 176, for the testimonies of an ex-District Governor and a village *shaykh*. See also al-Naqqāsh, vol. 6, pp. 132-134, 139-140; Dufferin, "Reorganization," in *Parliamentary Papers*, pp. 107-108.

seizure of future crop.¹¹² This link between settlement of existing debts and the advancing of fresh loans by the same institution was a commercially necessary arrangement in order to avoid the transfer of land to existing creditors and to preserve it as security against which the prospective bank would lend. Second, this was only one aspect of the perceived activities. Unlike the one-shot Village Bonds arrangement of the late 1860s, the bank was meant to continue as a funding agency for operational and capital needs of farming, which presumed the existence of a commercially viable business for such an undertaking. This is expressed in very specific terms in some of the interviews conducted by Stuart. The bank would lend for the construction of water wheels and the purchase of provisions (seeds, etc.),¹¹³ and would even fund tax payments in difficult years.¹¹⁴ Third, all schemes involved manageable interest rates, much lower than that charged by existing village lenders. When this was specified, in Stuart's interviews, a rate of no more than 10% per annum was proposed, compared to effective rates of 39% to 65% per annum,¹¹⁵ and to even 120% per annum in some accounts.¹¹⁶ This drop in interest rate would have resulted in a reduction of the amount of interest paid by debtors from some £5.2 million to some £1.0 million.¹¹⁷

The promotion of the *Crédit Foncier Egyptien* shortly after "Inmā' al-Māl" was issued provides the strongest evidence that the sponsors of "Inmā' al-Māl" were targeting a ripe market. A few weeks after the deposition of Ismā'īl, *al-Ahrām* carried news that preparations were taken in Paris to found the *Crédit Foncier Egyptien* for a range of purposes which included taking over existing mortgages and advancing fresh loans. At that time, it was already known that the parties negotiating in Paris included the private bankers Cattavi [Qaṭṭāwī] and Suarès.¹¹⁸ These news came four months after the issuance of "Inmā' al-Māl." Two months later, by which time Sharīf's cabinet was already out of office and the first national interregnum had formally elapsed, *The Times* reported that Tawfiq was "in treaty" with a group of financiers to establish "a *Crédit Foncier Bank*, which will lend

¹¹² *al-Naqqāsh*, vol. 6, pp. 132-134, 139-140.

¹¹³ Stuart, "Reports," in *Parliamentary Papers*, pp. 157-158, 161. See also *ibid.*, p. 189 regarding other possible uses of agricultural credit for improvements in productivity.

¹¹⁴ *Ibid.*, p. 158.

¹¹⁵ *Ibid.*, p. 155.

¹¹⁶ *Ibid.*, p. 189.

¹¹⁷ *Ibid.*, p. 155.

¹¹⁸ *al-Ahrām*, 28/8/1879, citing the *Gazette*.

money to the peasants at a reasonable rate and **destroy the trade of usurers**" [my emphasis].¹¹⁹ The trend towards establishing agricultural credit institutions was one manifestation of a market trend towards financial investments in land, which included the establishment in the late 1870s and early 1880s of entities like al-Kūm al-Akhḍar Company and the Buḥayrah Land Company.¹²⁰

This nature of the scheme as a potentially profitable venture for its promoters made some parties wary of calls for a "national" agricultural credit bank. In February 1882, *al-Tā'if* carried a letter from a reader who perceived of the proposed "la Banque Indigène, ou Banque Nationale" as a replica of mortgage banks that were established in the preceding two years (Crédit Foncier and the Land & Mortgage Bank) which, the attack claimed, had only resulted in the transfer of 25,000 acres to those two banks.¹²¹ The similarity with respect to the risk of land transfer between an institution controlled by foreign capital and another controlled by national capital was implicitly bore in a comment made by *The Nation* at that time, which suggested that agricultural credit was a means of land expropriation and the accumulation of it "in the hands of a limited number of rich people, mostly foreigners."¹²² Conceptually, it may have been insignificant for the small proprietor whether such a credit institution was controlled by foreign or national capital. It appears that if a national agricultural credit bank, operating on commercial basis, could have been beneficial at that time, it would have probably been so in the same fashion as the Crédit Foncier, namely for larger landholders, and that it would have been so whether it was owned by national or foreign capital. al-Bank al-Waṭanī al-Miṣrī may have ended up as a credit vehicle that serviced the interests of larger owners, and possibly helped in transferring more lands in their hands by expropriation and subsequent sale of the property of smaller borrowers. Thus, al-Bank al-Waṭanī may have well been a perfect business counterpart for "al-Lā'ihah al-Waṭaniyah" inasmuch as they both were intent on serving the interests of the same group, the traditional elites. The adoption of a nationalist platform, therefore, must not be confused in either cases with nation-wide interests.

¹¹⁹ *The Times*, 29/10/1879. See also Ḥarb, p. 20; Vivian to Salisbury, 24/1/1879, *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 38-39.

¹²⁰ Barakāt, pp. 123-124; Owen, *Cotton*, pp. 159, 276, 357.

¹²¹ *al-Tā'if*, 22/2/1882, a letter signed by "Maher" and attached in Malet to Granville, 27/2/1882 inclsr., *Parliamentary Papers, 1882, Egypt 7 (1882)*, vol. 82, pp. 276-277.

¹²² Laugel, p. 183.

To sum up, the ideas of Shumayyil and the sponsors of "Inmā' al-Māl" involved taking up a share by national capital in a domestic market where economic activities in general were controlled by foreign individuals and institutions. This market was particularly ripe at that time for an agricultural credit institution, following the changes since the mid 1870s which had made of mortgage lending and investments by land companies an attractive field of business. The prospects for commercial lending may not have been as vigorous, but Shumayyil's proposals could at least be read as a statement of aspirations, which had its own precedents in other ideas involving purchase of public debt. In a subsequent formulation three years after Shumayyil, the aspirations expressed by a group of Syrian financiers ('Āidah and Zughayb Bros.) reached the extent of not only taking up a share in the domestic market, but extending the operations of their proposed bank to the export markets of Egyptian business by establishing branches in London and Paris as contracting points for cotton exports. If one is to use a broad definition of "national capital" and include in it Syrian individuals like Shumayyil and financiers like 'Āidah and Zughayb Bros., we may then treat the latter proposals as stronger expressions of aspirations by national capital to acquire a share inside the European market of business originating in Egypt.¹²³ While calls of those types did not materialize as business entities, they constituted earlier expressions of a vision which remained latent and resurfaced time and again until the first two decades of the twentieth century.

(D) Economic Nationalism and the Rise of Domestic Classes

The calls by "Inmā' al-Māl" and Shumayyil came from outside the existing business and banking establishments. They stemmed from the rise of the traditional elites, particularly the *a'yān*, and the recent rise and spread of Arabic press as a medium for the nationalist platform. In the case of "Inmā' al-Māl," the sponsors came from elements whose usual strongholds were agriculture and/or state administration. In the case of Shumayyil, the project represented a single intellectual, speaking as a visionary and offering his proposal to the public at large. In both cases, the sponsors marked a departure from earlier and more recent practices in the promotion or consideration of banking projects.

¹²³ Ḥāmid, *al-Niẓām*, pp. 170-171 citing *al-Mufīd*, 23/1/1882 and *Miṣr*, 15/1/1882 cf. Sālim, p. 430, citing *Miṣr*, 15/1/1882 and *al-Ahrām*, 17/3/1883.

In earlier times, similar moves were taken by the ruler. This had been the case with two banking attempts sponsored by Muḥammad 'Alī in the 1830s¹²⁴ and 1840s,¹²⁵ and in the consideration by Sa'īd to establish a Cotton Bank in 1861 upon the suggestion of the Manchester Cotton Supply Association.¹²⁶ In more recent times, such moves were taken by conventional banking groups, including joint stock banks owned mostly by foreign shareholders and private banks owned by European, Egyptian-Jewish or Syrian banking families. It is understandable that European joint-stock banks and European private bankers would not be part of a move launched on a nationalist platform within the context of 1879. However, it is significant that the established Egyptian and Syrian private bankers did not appear in the ranks of the leading sponsors of the call for a national bank, in spite of the participation by the Jewish Rabbi and Syrian intellectuals in the nationalist movement. This was a strong signal that national banking moves at that time were coming from outside the existing entrepreneurial establishment, and possibly against it, and that the sponsors of those moves identified themselves generally as part of the nationalist movement. Whether we choose to interpret the apparent non-involvement of private bankers as a deliberate exclusion of them by national banking sponsors or as a calculated abstention by those bankers, the implication would be that the leading Syrian and Egyptian-Jewish bankers were alien to the platform of economic nationalism at that time. The movement in 1879, therefore, was a break with historical precedents and with established business conventions. Through these calls, traditional elites and intellectuals responded to an existing crisis--and opportunity--by articulating proposals for a commercially viable project, without being restrained by the fact that the conceived project fell beyond their economic expertise.

The economic and political aspects of the rise of the traditional elites, particularly the *a'yān*, were addressed earlier. Three other points relevant to the groups behind the examined national banking calls of Shumayyil and "Inmā' al-Māl" deserve some

¹²⁴ Crouchley, *Investment*, p. 28; Forte, p. 90; al-Jirītī, p. 202; 'Abd al-Rasūl, p. 8. The first three sources cite Bowring, "Report on Egypt and Candia," 1840, p. 117, but al-Jirītī gives a different life-path for the project. 'Abd al-Rasūl cites Crouchley as his only source, although some of the data there was mentioned in Forte and not in Crouchley.

¹²⁵ al-Jirītī, pp. 200-202; al-Hittah, p. 333; Mutawallī, p. 53.

¹²⁶ Owen, *Cotton*, pp. 97-98.

attention: first, the rise of Arabic press since the mid-1870s, which supplied both calls with a platform for propagating their ideas; second, the limited role of the indigenous merchant class, who seem to have remained in the background of the two calls rather than in the leading ranks of it; and third, the implications of the absence of the leading private bankers from national banking calls at that time in spite of their active involvement in establishing joint-stock companies in the late 1870s and early 1880s.

1. The Rise of the Arabic Press

The rise of Arabic press was one aspect of the rise in the role of intellectuals, and of public opinion in general by the mid 1870s.¹²⁷ Among the indicators of that rise, different writers usually refer to the appearance of people who influenced public opinion and action like Jamāl al-Dīn al-Afghānī and his followers (who included al-Mūwailihī),¹²⁸ the opposition by the educated classes to Ismā'il on the basis of liberal principles and their resentment of foreign control,¹²⁹ and the rise in the number and influence of technocrats in government administration, education, irrigation, engineering, etc.¹³⁰ We may also add to these the formation of societies for the spread of knowledge (ex. al-Jam'iyah al-Jughrāfiyah, 1875) and/or for mobilizing effort for social work (ex. al-Jam'iyah al-Khairiyah al-Islāmiyah, 1878).¹³¹ Of the various tools of communication and articulation of ideas, Arabic press was particularly relevant to national banking calls. It was through the Arabic newspapers *al-Tijarah*, *Ṣadā al-Ahrām* and *al-Ahrām* that the two examined calls were preached to the public. In addition, "Inmā' al-Māl" clearly acknowledged the role Arabic press played in propagating the idea of a national bank by stating that national newspapers "had alluded to that idea and praised those promoting it, and

¹²⁷ On the causes of the rise in public opinion in general and in journalism in particular, see al-Rāfi'i, *ʿAṣr Ismā'il*, vol. 1, pp. 242-250; Sālim, pp. 69-80; ʿAbduh, pp. 46-47; al-Nadīm, pp. 49-57; Ṣabri's introduction to *ʿUrābī*, vol. 1.

¹²⁸ On the connection between al-Mūwailihī and al-Afghānī, see *The Times*, 30/8/1879. On the role of al-Afghānī, see the account in *al-Hilāl*, vol. 2 (1894), pp. 706-707.

¹²⁹ Wallace, pp. 76-78; Sālim, pp. 71-73.

¹³⁰ al-Rāfi'i, *ʿAṣr Ismā'il*, vol. 1, p. 252; Sālim, pp. 92-96; *The Times*, 23/9/1879; McCoan, pp. 200-225. The account in *The Times* includes official statistics on education in 1879. McCoan provides comparative statistics on the percentage of population in primary education in Egypt and some European countries. The rise in the role of technocrats is a trend that existed since the time of Muḥammad ʿAlī. See ʿAbd al-Raḥman al-Rāfi'i, *ʿAṣr Muḥammad ʿAlī* (Cairo, 1951), pp. 643-644.

¹³¹ On these and other societies, see al-Rāfi'i, *ʿAṣr Ismā'il*, vol. 1, pp. 242-245; Sālim, pp. 88-90; Cole, p. 157.

called upon people to support them."¹³² Furthermore, Salīm al-Naqqāsh clearly refers to "Inmā' al-Māl" as one among other calls carried during that time in the papers published by his establishment,¹³³ which included then *al-Tijārah*, *Miṣr*, and *al-Maḥrūsah*.

Some quantitative data is available on the expansion of Arabic press. Already in 1878, the number of newspapers circulating in Egypt had increased from 1 in 1856 and 2 in 1873 to 27 in that year, 7 of which were published in Arabic only and 3 in Arabic and a European language jointly.¹³⁴ By the late 1870s/early 1880s, we could count several strongly nationalist papers circulating in Cairo and Alexandria, like the three published by Salīm al-Naqqāsh and Adīb Ishāq, *Miṣr* (1877-1880), *al-Tijārah* (1878-1880) and *al-Maḥrūsah* (1880-1933), as well as *Mir'āt al-Sharq* (1878-1884) and *al-Waṭan* (1877-1930). Within the same period, there was also *al-Hijāz*, *Abū Naḍḍārah*, *al-Mufīd*, and *al-Iskandariyah*.¹³⁵ The contribution of those papers to the formation of public opinion was noted by various observers of that period. Comparing the situation in 1879 to fifteen years earlier, the correspondent of *The Times* stated,

[W]e have to admit the existence of some dozen newspapers published in Arabic, each with an issue of from 1,000 to 1,500 copies, generally unsubsidized, and expressing free and by no means utterly contemptible criticism on public events.¹³⁶

Three years later, William Gregory observed that "recently newspapers are circulated throughout the length and breadth of Egypt."¹³⁷ More specifically, in 1879 some of those papers were forums for voicing nationalist ideas "so vehemently, in fact, that various official warnings have been issued to them to restrain their language."¹³⁸ In 1881, under Sharīf's second cabinet, the government similarly urged Arabic newspapers to apply self-restraint in matters related to

¹³² "Inmā' al-Māl," p. 136.

¹³³ al-Naqqāsh, vol. 6, 133.

¹³⁴ *The Times*, 23/10/1879.

¹³⁵ al-Nadīm, pp. 53-57; al-Rāfi'i, *ʿAṣr Ismāʿīl*, vol. 1, pp. 245-250; Hartmann, pp. 52-86; *al-Hilāl*, vol. 1 (1892), pp. 11-15, 87; Sālim, pp. 79-87; Berque, pp. 115-118; Schölch, *Egypt for the Egyptians*, pp. 108-112.

¹³⁶ *The Times*, 30/8/1879.

¹³⁷ Lady Gregory, ed., *Autobiography of William Gregory* (London, 1894), p. 380.

¹³⁸ *The Times*, 16/4/1879. See also *al-Waqāʿiʿ al-Miṣriyah*, 7/1/1879.

foreigners and were threatened severe measures in case of violation.¹³⁹ Shortly, *al-Ḥijāz* was discontinued¹⁴⁰ and a law was subsequently issued to regulate permits, insurance deposits, censorship regulations, etc.¹⁴¹ This rise in Arabic press of nationalist orientations provided an important forum for spreading ideas like those sounded in the calls for a national bank. The intelligentsia, possessing vision if not financial means, became an important force that contributed to the articulation, formation and spread of those ideas.¹⁴²

2. National Mercantile Interests

There were various allusions to national merchants in "Inmā' al-Māl" and in Shumayyil's letter to various newspapers. In those allusions, national merchants retained some position in the background but were not mentioned as sponsors. "Inmā' al-Māl" referred to them among the groups who initiated the idea of founding a national bank, and subsequently proposed it to the notables.¹⁴³ This might have been an implicit acknowledgment that the merchants could not or did not wish to lead the sponsorship themselves. In what may be no more than a gesture of his own urban tendencies, Shumayyil, as mentioned earlier, included national merchants in the ranks of the founding committee which he proposed for al-Bank al-Ahlī, but again without any indication that they had a direct role in promoting the proposal directly.¹⁴⁴ Thus, although the eventual presence of national merchants among those who subscribed to the foundation of a national bank was acknowledged, their role remained limited relative to other sponsors. How could this limited role be interpreted?

It appears that there are no published comprehensive studies on the merchant class of Egypt at that time that would provide adequate discussion of aspects like the specific trading activities of the largest of those merchants, their trading relations, the size of their trade, their profits and the patterns of using it, etc. This is the case

¹³⁹ al-Naqqāsh, vol. 4, p. 207.

¹⁴⁰ Ibid., vol. 4, p. 207. *al-Ḥijāz* was discontinued on 8/11/1881.

¹⁴¹ Ibid., vol. 4, pp. 194-197.

¹⁴² See 'Isā's treatment of the intellectuals in his section titled "al-Muthaqqafūn bayna Ḥulm al-Thawrah wa-Ighrā' al-Sulṭah" ("The Intellectuals between the Dream of Revolution and the Temptations of Authority"). 'Isā, pp. 147-152. See also Sālim, pp. 65, 80 on the interaction between journalism and the national movement; Cole, pp. 76-83 on the material and organizational basis of the intelligentsia.

¹⁴³ "Inmā' al-Māl," p. 136.

¹⁴⁴ Shumayyil, "al-Bank al-Ahlī."

whether in relation to the merchant class at large or to individual merchants. In various sources and studies, there are names of individuals who practiced trading activities, either next to other main vocations¹⁴⁵ or who were principally merchants.¹⁴⁶ The information, however, is only partial since most of those studies focus on other aspects of Egypt's social and economic history at that time.¹⁴⁷ It is still possible to make two very general remarks which may shed some tentative light on the apparently limited involvement of the merchants in the leadership of national banking moves.

First, it appears that national merchants had probably a limited share in the overall commercial activities of Egypt in terms of value, and hence remained small and weak. It seems that national merchants were generally excluded from cotton export—the larger, most visible, and more lucrative fields of commerce—except perhaps as local intermediaries,¹⁴⁸ that Europeans and other minorities had a large share in other fields of trading including the trade of provinces,¹⁴⁹ and that the more prominent Egyptian merchants were located either in Cairo or other major cities but were in all cases away from Alexandria, the most active commercial and financial

¹⁴⁵ As was the case with al-Hajrasī, an Azharite who had trading relations with Europe, and Muṣṭafā al-Manzalāwī, whose cotton trading and brokerage activities originated from his status as a large landowner. On al-Hajrasī, see Blunt, *Secret History*, p. 161. On al-Manzalāwī, see Roger Owen, "The Development of Agricultural Production in Nineteenth-Century Egypt: Capitalism of what type," in *The Islamic Middle East 1700-1900*, ed. Abraham Udovitch (Princeton, 1981), pp. 529-530. The same example can also be found in *idem.*, *Cotton*, pp. 132-134.

¹⁴⁶ As was the case with Ḥasan Mūsā al-'Aqqād, Amīn al-Shamsī, Maḥmūd al-'Aṭṭār and others. Some of these and other names can be found in al-Jumā'ī, pp. 129-154; Sālim, pp. 345-351; Berque, pp. 109-118, 185; Shafīq, vol. 1, p. 471; Blunt, *Secret History*, p. 161. Most of these works, however, focus on the political role of these individuals.

¹⁴⁷ There is reference to merchants in several studies on the political movement, but these do not sufficiently address their economic base. When they do, the discussion is not substantiated in any way. An example is al-Jumā'ī's study on Ḥasan Mūsā al-'Aqqād, in which he makes the general suggestion that the growth of foreign trade led to the emergence of capitalist forces who participated in the nationalist movement during the reigns of Ismā'īl and Tawfīq, and particularly in the 'Urābist movement. Ṣalāḥ 'Isā attempts a more economically-based analysis in a section of his work entitled "al-Janīn al-Burjūwāzī" ("The Bourgeois Embryo"). He provides some overall review of basic material changes related to the expansion in the cotton sector and scattered data on the activities of some merchants. However, none of these works provide a comprehensive treatment of the subject. al-Jumā'ī, p. 132; Sālim, p. 345; 'Isā, pp. 152-160.

¹⁴⁸ This was the case of al-Manzalāwī. See Owen, *Cotton*, pp. 132-134.

¹⁴⁹ Campbell, p. 26.

center of Egypt.¹⁵⁰ One would suppose that large landholders--rather than national merchants--may have tried to compete with Europeans in the import of machines for irrigation or cotton ginning, following the example of Ismā'il who was at one time the largest importer of steam engine machines.¹⁵¹ Under all circumstances, it seems that significant commercial and financial activities remained outside the hands of the nationals at the time when their larger profit potential must have been apparent to them. The fact that commerce and finance were not fields where Egyptian presence was strong may be indicated by looking into the coverage by 'Abd al-Rahman al-Rāfi'i of the most prominent Egyptians in various fields at that time. In that section, al-Rāfi'i included more than fifty men distinguished in sciences and literature, but there was not a single reference to a financier or a merchant.¹⁵² This alone may not constitute conclusive evidence--although the biographies spanned various fields of professional activities--but could serve as an indication of the relatively insignificant presence of Egyptians in these fields.

Second, it seems that some of the more distinguished national merchants had trading and financial activities with European agents, including investment in Egyptian debt instruments.¹⁵³ In this respect, it may be possible to make a broad distinction between merchants who were engaged in some form of wholesale or larger commerce and those who made a living out of small retail trade and minor urban services as far as their respective positions viz-a-viz foreign mercantile presence was concerned. As shown earlier, small retailers had some obvious interests in moving against foreign presence, either for reasons of competition in their own activity or because of their exposure to a total displacement through newer forms of service. The case with the larger merchants may have been more complicated. On the one hand, they were excluded from the more lucrative trade and were not part of the community of capitalists that was active in promoting various joint-stock companies, occasionally with the participation of foreign banks (see

¹⁵⁰ This applies to all those whose names were mentioned above, except for al-Manzalāwī, the only one among those mentioned earlier who was involved in cotton trading.

¹⁵¹ 'Isā, p. 138.

¹⁵² al-Rāfi'i, *ʿAṣr Ismā'il*, vol. 1, pp. 253-299. The only allusion made to a merchant was in connection with Ibrāhīm al-Mūwallihī, who is nevertheless covered as a man of letters. *ibid.*, pp. 255-256.

¹⁵³ This was the case of al-'Aqqād's dealings with Dervieu as well as his contacts with two bankers--apparently of the names Bianchi and Ponfanti--who were also described as agents for financial and commercial companies. 'Isā, p. 160.

below). On the other hand, some of them took part in the trading chain dominated by Europeans, as was the case with Muṣṭafā al-Manzalāwī who acted as a broker for cotton cultivators in the ginning and selling of their crop and as agent in arranging financing for them.¹⁵⁴ The dealings between Ḥasan Mūsā al-ʿAqqād and Edouard Dervieu, where the former used the services of the latter to invest in Egyptian public debt paper, could be similarly characterized.¹⁵⁵ The national merchants, therefore, may have themselves developed some vested interests in the trading and financial network which was largely in the hands of Europeans.

It is possible, therefore, that the general domination by Europeans of the more important commercial and financial activities and the occasional success of some national elements to operate within that network--either as customers or brokers at some earlier ends of it--may have frustrated the possibilities for an independent articulation of national mercantile interests. Consequently, it would not be surprising to find that manifestations of economic nationalism by mercantile elements occurred only within the general framework of a political movement, as was the case with Ḥasan Mūsā al-ʿAqqād, Amīn al-Shamsī, and Maḥmūd al-ʿAṭṭār,¹⁵⁶ and that their role in those various nationalist expressions was only a secondary rather than a leading one.

3. The Entrepreneurial Significance of Private Bankers

There is no hint in either calls that any of the leading Egyptian private bankers took any part in conceiving of or in supporting those initiatives. Indeed, from checking the sponsoring groups specified in "Inmā' al-Māl" (a'yān, parliament members, merchants, journalists, and high officials) and the conceived structure of Shumayyil's founding committee, it would seem that they were not among the ranks of the sponsors. This apparent absence of private bankers meant that the movement for a national bank occurred without the active participation of the most significant domestic entrepreneurial group in Egypt at that time. There is various evidence for the general entrepreneurial significance of this group, and particularly for their role in conceiving of and promoting various domestic banking proposals. In 1876, the idea of converting the Anglo-Egyptian Bank into Banque Nationale

¹⁵⁴ Owen, *Cotton*, pp. 132-134; idem. "Capitalism of What Type?" pp. 529-530.

¹⁵⁵ ʿIsā, p. 160.

¹⁵⁶ See note 147 above as well as Schölch, *Egypt for the Egyptians*, p. 93.

was promoted by Pastré and Sinadino,¹⁵⁷ who later represented AEB in signing the contract for the prospective bank with the government. Three years later, Suarès and Cattai played the leading role in promoting Crédit Foncier shortly after the frustration of the first nationalist interregnum. Indeed, it is possible that the allusions made by Shumayyil to a competing project may have been referring to early news on that latter bank.

More evidence is available from the period between December 1880 and July 1881, i.e. shortly after the promulgation of the Liquidation Law until just before the September 1881 demonstrations. During this period, a number of Egyptian joint-stock companies were established, a trend which may indicate that there was at that time a growing interest in the Egyptian market, as well as a move to the joint-stock form and to raising capital domestically in Egypt. There were seven joint-stock companies established during that period, which spanned the fields of contracting, sugar refinery, urban transportation, land irrigation, and general banking (Appendices VII.1 and VII.2). Their total authorized capital was FF79.45 million and £520,000, which add up to some £3.7 million.¹⁵⁸ The individual sizes ranged from some £8,000 in the case of the Egyptian Omnibus Cars Company to some £2.4 million in the case of Banque Générale d'Égypte. Excluding both extremes, the other five companies founded then were more representative of the range of sizes (£50,000 to £400,000). The total authorized capital of those latter five companies was £1.29 million (a mean of £258,000).¹⁵⁹ The role of private bankers in the promotion of those companies was evident. First, private bankers appeared as founders in most of the seven companies. The leading three houses of Greek private bankers (Sinadino, Zervudachi, Salvago), Egyptian-Jewish bankers (Suarès, Cattai [Qaṭṭāwī], Menasce [Menashsha]), and the leading European bankers (Oppenheim), appear among the founders of four of those companies. In terms of frequencies,

¹⁵⁷ Paget to Derby, 1/3/1876, *Parliamentary Papers, 1876, Egypt 8 (1876)*, vol. 83, p. 16.

¹⁵⁸ Authorized capital was denominated either in Sterling Pounds or in French Francs.

¹⁵⁹ All the data on these companies is taken from the compilation of official decrees in *Fihrist al-Awāmir al-'Āliyah*. See *ibid.*, 1876-1880 and 1881. Between December 1880 and July 1881, the compilation is filled with decrees authorizing the formation of joint-stock companies rather than financial and administrative decrees as the case was in earlier compilations. This reflected some significant market change, since earlier compilations included only one Egyptian joint-stock company (Crédit Foncier). A summary of the information regarding capital, purpose, shareholders, etc. is given in Appendices VII.2.a to VII.2.g.

each of Sinadino and Oppenheim appear in three of these companies, each of Zervudachi, Suarès and Menasce in two, and each of Salvago and Cattai in one company, with the latter appearing in another one as director only (Appendix VII.1). The available decrees do not include information on the shares held by respective shareholders. However, it is possible to see that the total authorized capital of those companies in which each of them invested, excluding Banque Générale, ranged between £840,000 in the case of Oppenheim and £400,000 in the case of each of Salvago, Suarès and Cattai. If the authorized capital of Banque Générale is added back, the figures for Sinadino and Suarès would increase by £2.4 million each.

Second, in none of those cases did any of the seven houses appear separately. A consortium was always formed with at least one of the other private bankers (Appendix VII.1). In most cases, there were other shareholders as well. In companies closer to the mean size, these were domestic partners, as was the case with the Sugar Refineries (Appendix VII.2.d) and the Buḥayrah Lands Company (Appendix VII.2.e). In the largest investment, viz. Banque Générale, capital was raised from major European banking institutions (Appendix VII.2.f), which was the same pattern adopted a year earlier in the foundation of Crédit Foncier. In all cases, the domestic co-founders and co-directors were all Europeans, who came from the ranks of engineers, merchants, bankers, and "men of income."¹⁶⁰ We may make one exception here, namely Nūbār Pāshā, on the basis that he could not be strictly classified with other Europeans. Since we also can not classify Nūbār among the nationals, it would still be valid to say that the co-founders and co-directors list did not include any national figure.

Third, the investments of the seven private bankers spanned all the major activities in which the established companies operated, viz. general contracting, sugar refining, land development, and banking. Of the three companies that were not founded or co-founded by private bankers,¹⁶¹ we could readily eliminate one, the Omnibus Company, as insignificant for its extremely modest capital. At least one of the remaining two companies, possibly both, were obvious competitors to other

¹⁶⁰ This is the way one of the founders of al-Buḥayrah Irrigation Company was described in that company's Articles of Incorporation. See *Fihrist al-Awāmir al-ʿĀliyah* 1881, p. 89.

¹⁶¹ See Appendix VII.1.

companies founded or co-founded by private bankers during that period. The case of one of them, the General Company for Public Works (Appendix VII.2.b), is particularly interesting. This was promoted by the Anglo-Egyptian Bank and one Eduardo Kebrara who was described as a resident banker of Alexandria. The private-bankers' competing company, the Egyptian Company for Contracting (Appendix VII.2.c), was co-founded by all seven banking houses, was of an equal size of capital, and had the same date of foundation as its competitor.¹⁶²

The private bankers active in Egypt at that time emerge thus as financiers par excellence. They promoted activities in various fields as providers and procurers of capital. In doing so, they spread their risks among various activities. As financiers, they mobilized and solicited funds domestically and abroad as the case required. Among themselves, they apparently formed a community with an extensive network of relations. With the outside world, they were part of an established network within which they played the role of an active agent in higher forms of finance. In this respect, they were able to both challenge European capital and, alternatively, to cooperate with it, as we can respectively see in the cases of The Egyptian Company for Contracting, on the one hand, and Banque Générale on the other.

Could private banking firms have been part of the movement of national forces against the foreign control of the economy? The connection between private bankers and the national movement is a problematic issue. Evidence points to different directions. As mentioned in an earlier chapter, some of the private bankers (Cattai, Menasce) provided financing for the national cabinet and there are allusions that some may have also subscribed to the public raising of funds under the label of the Patriotic Loan. However, even these firms still acted in collaboration with Greek and European bankers, some of whom, like Sinadino, were envoys of Khedive Tawfiq to Britain when he was mobilizing British support against the national

¹⁶² It is curious that Pastré and Sinadino, who were founders and directors--at least until 1876--of AEB, participated in the founding of the Egyptian Company for Contracting, who was competing with another contracting company founded by AEB. To make things even more curious, both participated a few months later in Banque Generale, which was apparently sponsored by AEB. It is difficult to explain this apparent contradiction in positions without more details on the backgrounds to these investment decisions. On the connection of AEB with Banque Generale and the General Company for Public Works, see Saul, pp. 386-387.

movement during the second interregnum,¹⁶³ and later armed their own community against the 'Urābists.¹⁶⁴ By that time, however, a severe break had already occurred in the nationalist ranks and the leading traditional elites had split out of the movement. The likes of Sinadino, therefore, may not have been totally in the camp opposite to the traditional elites.

How then could we interpret the involvement of some private bankers in financing the national cabinet but their absence from the ranks of national banking promoters? One possible explanation is that the arrangement of short-term financing for the national cabinet may have been approached simply as a business opportunity. This would have also been in line with the offers they made to Rivers Wilson after the February riots, which were considered but declined in preference to Rothschild, according to Cromer's account.¹⁶⁵ By the same token, their subscription to the Patriotic Loan--if it had happened--may have also been a gesture of business politics at the time when Ismā'il still ruled. But the likelihood is that they were never perceived by the coalition of groups in the National Assembly as part of it--if occasionally they catered to it--and they did not try to present themselves as such, since they were essentially part of the financial and business order that the nationals were trying to challenge. It is true that within that order, private bankers showed some inclination to assert themselves viz-a-viz European capital as in the case of the Egyptian Company for Contracting. Nevertheless, the prospects of co-opting private bankers against foreign capital would have contradicted the specific role which the more important of them were coming to play as procurers of capital from European markets and domestic European residents.¹⁶⁶ Furthermore, such co-

¹⁶³ Granville to Cartwright, 4/7/1882, *Parliamentary Papers, 1882, Egypt* 17 (1882), vol. 83, pp. 121-122.

¹⁶⁴ Blunt, *Secret History*, p. 311.

¹⁶⁵ See Chapter Four, note 68.

¹⁶⁶ In an earlier draft, Professor Tignor commented "I am not sure that this is as contradictory as you suggest," and added "or they may not have been so caught up in the nationalist propaganda and simply judged programs on their economic merits?" What I am trying to argue here is that the private bankers of Egypt were beginning at that time to play a role within the network of European banking activities in Egypt, to the point of sometimes soliciting and promoting those activities as the case seems to have been with Crédit Foncier. Accordingly, they had no interest in identifying totally with a movement that seems to have formulated its agenda against that network. At least partly, this meant that they judged programs on the basis of their economic or business merit, as Professor Tignor suggested. I think, however, that the situation was more complex. This is indicated by the experience of the early twentieth-century when Yūsuf Aṣṣān Qaṭṭāwī Pāshā joined forces with Tal'at Ḥarb in the middle of another wave of

option may have eventually amounted to a process of their gradual marginalization within the national movement and ultimate elimination from it. The participation of the private bankers in the movement to establish a national bank at that time, therefore, would have appeared rather surprising. By the early twentieth-century, the situation evolved into the assimilation of national elements into the cosmopolitan structure of the business community, and it was also then that we find the name of Yūsuf Qaṭṭāwī (Cattaui) emerging among those working for the establishment of Bank Miṣr.¹⁶⁷

(E) Conclusion

Inasmuch as the different calls for a national bank in 1879 emphasized different aspects of economic salvation, it is also possible to detect some common grounds among them. Perhaps the first element that should be emphasized in this respect is that the examined expressions of that idea offered visions of what each of them considered a viable commercial project, notwithstanding the fact that the emphasis in each call was on the perceived public benefit of the respective projects. In those perceptions, the contribution of the proposed projects to the economic liberation of the country was itself a consequence of that viability. This is not a surprising tenet in the context of 1879. To start with, given the condition of the public treasury, itself the direct cause of increasing foreign control, it was evident by that time that reversing this trend required some private initiative capable of generating funds. This was the type of awareness that had forced itself into the imposition of al-Muqābalah and the Ruznāmah, the collective undertaking in "al-Lā'ihah al-Waṭāniyah," and the reported attempts to mobilize funds through the Patriotic Loan. All these were ways to tap funds out of private resources, but largely through short-term or one-shot arrangements. The call for a national bank was similarly an attempt to raise funds from private sources, but it went a few further radical steps in its capacity as an attempt to create a major business concern that could act as a vehicle for continual economic transformation. In this respect, national banking calls were revolutionary in several ways. Ideologically, they were based on the explicit proposition that economic power was the basis of political power and suggested

economic nationalism, notwithstanding the apparent difficulties that faced the idea at that time as well. The differences between the economic nationalism of the 1870s and that of the 1910s is briefly addressed in the Epilogue, and may be an interesting subject for further research.

¹⁶⁷ Tignor, "Modern Banking," pp. 117-118.

that European domination was the consequence of Europe's economic clout. The practical implication of this tenet was to urge a departure in traditional business forms by emulating European forms of capital mobilization (viz. public subscription in joint-stock structures) for the purpose of creating a prototype of one of Europe's most visible modern economic agents (viz. a modern bank). These calls also carried revolutionary tendencies inasmuch as they attempted to promote control of national capital over a segment of economic activities that was dominated by foreign capital, and to place that control in the hands of groups whose economic activities had hitherto focused on more traditional fields. In all these aspects, the attempt to create a national bank was a step outside the normal economic processes in Egypt at that time. Hence, the challenges implied in this complex situation made the existence of a revolutionary nationalist context a condition precedent to the emergence of those expressions. In such a context, a momentum could be generated to offer an interpretation of the adversary's clout, to propose emulation of the adversary's model as a means of national assertion, and to accordingly envisage a project that required mobilization of efforts beyond the confinements of existing practices and, perhaps, possibilities.

Two major qualifications, however, should be made in order to place those revolutionary tendencies in proper perspective. First, the major sponsors of the projects came themselves from groups who had a traditionally privileged political and economic position, and whose leadership for that phase of the nationalist movement coincided with policies by the European administration that threatened some of their basic vested interests. If the 1879 phase of the nationalist movement involved revolutionary dimensions in attempting to mobilize national capital in ways and purposes that departed from usual practices, there was no such dimension in the identity of domestic classes who would have ultimately gained the economic benefits through controlling those projects. It is relevant here to remember Borg's comments on the broad but cautious mobilization of the National Assembly in March and April 1879.¹⁶⁸ It is also relevant to recall Shumayyil's insistence in his own conception of a national bank that such a bank should not allow disproportionate ownership by private capital. There may also be room here to wonder which "public" did the call for public subscription address and whether the

¹⁶⁸ See Chapter Three, note 102.

difficulties that such calls faced was partly a consequence of a social structure from which only a small proportion of the population benefited.

The second qualification is that although the traditional elites moved within and attempted to capitalize on a general revolutionary context, the frame of reference within which they conceived their project was directly based on market circumstances, at least with respect to the establishment of institutions for agricultural credit. The nationalist dimension, thus, was impregnated with an apparent awareness of opportune market conditions, an observation which contradicts the thesis of some writers on the social history of this period who bluntly stated that the vision of capital owners suffered of conservatism due to their predominantly agricultural base.¹⁶⁹ The existence of this awareness was soon verified when French and British capital, through the *Crédit Foncier Égyptien* and the Land and Mortgage Company respectively, clinched the opportunity for mortgage banking which the issuers of "Inmā' al-Māl" had hoped to seize.¹⁷⁰

Was the establishment of a national bank a feasible idea? The examined expressions would suggest mixed answers. In the case of Shumayyil, the feasibility of the concept was strongly doubtful for the reasons analyzed in the previous chapter. The case of "Inmā' al-Māl," however, was different. On the purely conceptual level, the establishment of an agricultural credit institution was consistent with the existing market conditions as explained above. The question would therefore be whether national capital possessed the amounts and calibres that would have made the establishment and successful operation of such an institution feasible. The studied material does not provide theoretical answers regarding those possibilities. A more practically relevant question, however, is whether such an institution could have competed with a bank of the type of *Crédit Foncier Égyptien*. If the yardstick is the size of capital and the possession of professional calibres and structures, the answer is bound to be that it would have been very unlikely for al-Bank al-Waṭanī to stand in a favourable competitive position. The position taken by the old-established private bankers may be significant in this respect. The role played by those bankers in the promotion of CFE and their apparent absence from national banking calls

¹⁶⁹ See Hāmid, *al-Nizām*, pp. 169-170; Barakāt, pp. 465-466. It should be noted that Hāmid attributed part of that conservatism to British policies against non-agricultural investments by Egyptian landlords. Hāmid, *al-Nizām*, pp. 167-169.

¹⁷⁰ See Chapter One, notes 87-89, 99.

could have been a statement by them that the creation of such a bank was only feasible through European institutions that possessed capital and expertise. In their turn, the private bankers may have thus been demonstrating awareness of the role they could play as promoters of projects which involved the procurement of foreign capital during that phase of European capital exports and, accordingly, that they had a vested interest at that time in perpetuating the presence of such capital rather than in resisting it.

If the examined calls cannot be treated as practically feasible proposals, did they offer credible visions for the future? Again, the answer would be mixed. In some respects, these expressions can be treated as statements of aspirations for expanding the activities of national capital towards claiming a larger and qualitatively diversified share in the domestic market. In this sense, the examined calls were the precursors of the early twentieth-century trends towards industrialization and the creation of Bank Miṣr. From this perspective, the examined calls verify the early existence of a vision and demonstrate how the formation of such a vision may precede the gaining of tangible means for implementing it.¹⁷¹ The adoption by Ḥarb of "Inmā' al-Māl" in his frame of reference is significant in this respect.

There is another relevant question with respect to the treatment of the examined material as expressions of a vision, namely the extent to which they reflected an understanding of the European experience which they seem to adopt as their model. This is difficult to ascertain from the available material. Evidently, what we have in this material is a statement of observations which emphasize the role of modern banking as a means of economic transformation, rather than a discourse on the underlying process which gave rise to this institution. For instance, there is no attempt in the examined calls to demonstrate an understanding for how European banking evolved from privately owned establishments which funded short-term commercial transactions originating in the domestic market into incorporated

¹⁷¹ In a comment on an earlier draft, Professor Tignor referred to a then forthcoming article in *Business History* on Crédit Foncier from 1880 to 1914, which has evidence that "wealthy Egyptian landowners were beginning to diversify their assets and were thinking about commercial and industrial investments in the period from 1908 to 1914. Hence, the author would contend that there was already a tendency for the well-to-do in Egypt to back new investment opportunities before Ṭal'at Ḥarb came along with his Bank Miṣr scheme." Indeed, an examination of "Inmā' al-Māl" in particular would show that this general orientation was conceived long before 1908.

structures which mobilized savings and invested them overseas in long-term uses. When the question of usury was addressed in "Inmā' al-Māl," it indicated a realization that this issue had to be resolved should the mobilization of capital for a joint-stock bank be feasible, but the exposition there of the European experience did not refer to the gradual release of the prohibition of usury in various European countries some ten to twenty years earlier.¹⁷² The absence of such analysis from that material, however, does not constitute in itself evidence of the lack of understanding by the sponsors of the national bank idea for the historical process of which the establishment of modern banks was only a product. Apart from the practical necessity of emphasizing the strengths of the institution rather than the genesis of it, there were other reasons why a modern bank would have appeared as the means of economic salvation. Modern banks were emerging as the visible agents and facets of the vigorous industrial civilization. They projected the image of a forceful and rising Europe by being a vehicle for mobilizing large sums of savings and pouring funds into uses which could have an effect on overall restructuring of the economy. For all pragmatic purposes, this image may have created a conviction that it was sufficient to focus on the institution itself and to copy it directly as the cutting edge of Europe's economic modernization, rather than worry about the process of its evolution. In this respect, the call for emulating a modern bank may have typically suffered from the same dilemma that dominate attempts for institutional emulation in general.

None of the calls for establishing a national bank materialized at that time. This may be partly attributed to a reverse in the political context in June 1879. Shortly afterwards, Rīyāḍ Pāshā formed a new cabinet, European dual control over public finances was reinstated, the April 22nd Decree incorporating the financial plan of "al-Lā'ihah" was withdrawn, and the financial arrangements of the national cabinet were dismantled. It was during that period that the Crédit Foncier Egyptien and the Land and Mortgage Company of Egypt were established. For some time, the European order seemed to be solidly reasserted. In September 1881, a second national interregnum erupted following the demonstrations by military troops under the leadership of Aḥmad 'Urābī. During that interregnum, national banking proposals resurfaced but lapsed again with the collapse of the coalition between the

¹⁷² The prohibition on usury was dropped in Britain in 1854, then in Holland, Belgium, Prussia and the North German Confederation between 1857 and 1867. Landes, *Unbound Prometheus*, p. 198.

‘Urābists and the traditional elites in early 1882. It is unclear whether the call for a national bank was expressed with the same vigor during this second interregnum, but it is important to note that the establishment of the Crédit Foncier by that time may have made the potentials for a competing national bank doubtful. Nevertheless, the whole interregnum ended with the British occupation in September of that year. For some thirty years, the idea of creating a national bank seemed to remain latent, until it was expressed again in the second decade of the twentieth century. Some of the trends detected in the calls for a national bank in 1879 can be contrasted to the subsequent expression of this idea through the call made by Yūsuf Naḥḥās during the First Egyptian National Conference (1911) and the related and more prominent call by Ṭal‘at Ḥarb in his *‘Ilāj Miṣr al-Iqtiṣādī* (1913). Interestingly, while the names of a few of the old-established private bankers of Egypt appeared as promoters of Crédit Foncier rather than al-Bank al-Waṭanī in 1879, the evolution in Egypt’s entrepreneurial/capital-owners’ community by the mid 1910s towards a more cosmopolitan and urban society demonstrated itself in the appearance of Yūsuf Aṣlān Qaṭṭāwī Pāshā as a co-sponsor of Bank Miṣr at that time.

Epilogue: Early Twentieth Century Economic Nationalism: A Preliminary Inquiry

The call for a joint-stock national bank remained dormant until the early twentieth century. During that period, some small banking outfits were established by nationals.¹ Some of these carried the term "national" in their names, as we learn from the allusion in *al-Hilāl* to Bank al-Tawfīr al-Waṭanī al-Miṣrī, a savings bank founded in Asyūṭ by one Tādrus Afandī Shunūdah al-Manqabādī.² Those outfits were national only in the sense that they were owned by Egyptians. But it is hard to imagine that any of those small, local entities could make the claim that they acted for the cause of national salvation, which was the essential common characteristic in the examples of al-Waṭanī and al-Ahlī conceived by "Inmā' al-Māl" and Shumayyil respectively. A partial explanation for this may be found in the social class from which the owners of some of those small banks came. Afandīs of the type of Tādrus Shunūdah, founder of Bank al-Tawfīr in Asyūṭ, most probably came from the middle class, and were thus probably less able to aspire for the investment or mobilization of larger amounts of capital in the same way as the traditional elites.

In the early twentieth century, the idea of establishing a large joint-stock national bank was resurrected, again within the context of a major financial crisis in 1907.³ The economic difficulties in the early years of the first world war gave further impetus to this idea. Later, it gained additional momentum by the nascent industrialization during the war and the consequent broader expressions of economic nationalism.⁴ Reminiscent of the trends observed between 1879 and 1882, national banking calls were articulated in the second decade of the twentieth century through a variety of public opinion media. Similar to the way "Inmā' al-Māl" acknowledged the role of national newspapers in spreading the idea in 1879, Ṭal'at Ḥarb acknowledged the role of such newspapers in 1913.⁵ One of those publications, *al-Jarīdah*, was the mouthpiece of the Ummah Party founded by large

¹ al-Jirītī, p. 218.

² *al-Hilāl*, vol. 2 (1894), p. 736. *al-Hilāl* mentions among its coverage of new publications a "book" titled *Qānūn Bank al-Tawfīr al-Waṭanī al-Miṣrī* which may have been a customers' guide to the Bank's services. The name Tādrus Shunūdah was mentioned earlier in *al-Hilāl*, without the last name (al-Manqabādī), as founder of Jam'iyat Ḥifz al-Tārikh al-Waṭanī al-Qibṭī (The Society for the Preservation of National Coptic Heritage). *al-Hilāl*, vol. 1 (1892). It is unclear if this is one and the same person.

³ Ḥarb, p. 30.

⁴ Owen, "Ideology of Economic Nationalism," pp. 2-3; Ramaḍān, *Ṣirā'*, p. 96.

⁵ Ḥarb, p. 30.

landowners.⁶ Reminiscent again of the situation in 1879, the call for founding a joint-stock national bank by public subscription was proposed and embraced in the First Egyptian National Conference of 1911, a forum which involved the mobilization of a wide assembly of the country's elites for the discussion of a broad ranging national agenda. As 'Abd al-'Azīm Ramaḍān noted, it was during that conference that earlier promotion efforts for Bank Miṣr were initiated, largely responding to an urge by a twentieth-century Syrian intellectual, Yūsuf Naḥḥās.⁷ Equal to what we found in the calls of his Syrian predecessor, Shumayyil, and in "Inmā' al-Māl" some thirty years earlier, a similar, if more bitter, sense of urgency forced itself in the way Naḥḥās addressed his audience:

Gentlemen, I speak to you in all openness, for you are the nation's elites stopping short until now from establishing a [national] bank is but a grave shame that blackens our faces!⁸

It is interesting here to note how a similar need for public subscription and a corresponding tone of urgency and shame penetrated into the discourse of individuals calling for other types of modern institutions during that period. The first effective step towards establishing a national university was a call made by Muṣṭafā Bey al-Ghamrāwī in 1906. In an explicit manifestation of the burden of the European model, the call concluded by the following statement

if this call is not acted upon by [at least] one thousand of Egypt's wealthiest, and they do exist in the thousands, let us hide our faces from all [modern] nations and let us confess our incapacity to compete with foreigners in the intellectual and material aspects of life.⁹

There were other basic similarities in the ideology and discourse of the late nineteenth and the early twentieth century national banking calls. Their basic common ground was a continuing acknowledgment of the primacy of the economic

⁶ Walid Kazziha, "The Jaridah-Ummah Group and Egyptian Politics," *Middle Eastern Studies* 13 (1977): 380.

⁷ This is based on the discussion and excerpts in Ramaḍān, "Niṣf," pp. 179-182. In one part of a later work, Ramaḍān draws heavily on this earlier article. For some unclear reason, his discussion of the role the National Conference played in the promotion of Bank Miṣr is sharply reduced, and he makes no mention at all of Yūsuf Naḥḥās. Instead, Ramaḍān follows the convention of highlighting the role of Ḥarb, contrary to the position he took in the earlier article. Ramaḍān, "Niṣf," pp. 179-182 cf. idem., *Ṣirā'*, pp. 91-92.

⁸ Ramaḍān, "Niṣf," p. 181.

⁹ Shafiq, vol. 2, pt. 2, pp. 107-108.

factor for national independence. A clear manifestation of this came in the First Egyptian National Conference,¹⁰ where nine out of the twenty three speakers addressed issues of predominantly economic nature. These speeches spanned topics like the promotion of national industry, financial cooperation and agricultural cooperatives, insurance vehicles, business training and education, the general economic and financial situation, in addition to two speeches on usury and the penal code.¹¹ Although the need for a national bank was not a topic of a separate speech in the National Conference, it seems to have been a dominant issue in Naḥḥās's speech on the economic and financial condition of Egypt. Naḥḥās's discourse on the need for a national bank necessarily included a discussion of the legitimacy of interest-based operations in a way similar to "Inmā' al-Māl".¹² In an indication of the continuing problematic of adaptation and replacement of old practices, the attack on usury was also the principal subject of two other speakers in the National Conference.

The belief in the centrality of financial capital in particular to economic progress was demonstrated by other actions like the establishment of Sharikat al-Ta'āwun al-Mālī (Financial Cooperative Company) by 'Umar Luṭfī in 1910.¹³ But the most famous expression of the need for a national bank, as already known, was articulated in Tal'at Ḥarb's *'Ilāj Miṣr al-Iqtiṣādī aw Mashrū' Bank al-Ummah* (1913).¹⁴ In a continuing confirmation of the rise of the European model, Ḥarb took the European experience as his frame of reference.¹⁵ Some of the basic ideas in "Inmā' al-Māl" were repeated by Ḥarb, most notably his discourse on the benefits of accumulation and on the connection between banking power and national power.¹⁶

¹⁰ This should not be confused with the Conference of the National Party which convened in Brussels in 1910. On that latter conference, see Shafiq, vol. 2, pt. 2, p. 103.

¹¹ A complete list of the speakers and the topics of their talks can be found in *al-Hilāl*, vol. 19 (1911), pp. 506-508. See also Shafiq, vol. 2, pt. 2, pp. 244-247.

¹² See the excerpts in Ramaḍān, "Niṣf," p. 181.

¹³ On the efforts of 'Umar Luṭfī, see *al-Hilāl*, vol. 20 (1912), pp. 328-329; Ḥarb, pp. 145-146; Tignor, pp. 119-120. See also Ḥarb, pp. 137-141 on the attempts by al-Jam'iyyah al-Zirā'iyyah (The Agricultural Society) to expand that movement.

¹⁴ Ḥarb's introduction to his work is an eloquent expression of that idea. See Ḥarb, pp. 3-7.

¹⁵ Ibid., p. 7.

¹⁶ Ibid., p. 7.

In both periods, therefore, national banking calls were made within the context of a pressing national crisis, rather than being a product of a normal economic process. The calls carried a similar appeal to public subscription and revealed a similar, if more desperate, sense of urgency. They were similarly inspired by the European model and by a growing conviction of the importance of the economic factor. But there were also some significant changes that had occurred between the late 1870s and the early 1910s. One of these was the growing emphasis on the promotion of national industry. This was congruent to the urge for industrialization which started to express itself more clearly as the limits of agricultural expansion were reached. In 1911, the report of the National Conference complained that "[t]he goods which pass out of the hands of the agriculturist pass, in nearly all cases, into those of foreigners,"¹⁷ and blamed the predominance of agriculture on the lack of a national financial institution. Substantially, however, this idea still resonated the earlier reference to banking as a means for moving beyond the confinement of production to the natural or raw produce of land ("*al-ḥālah al-fiṭriyah*").

A more substantial difference occurred within the economic elite society of Egypt. Various elements composing that society were converging in forums which expressed the existence of at least some space of common material interests that traversed ethnic and religious factors. There are various pieces of evidence of this assimilation of national elements into a more cosmopolitan business and economic community. The list of Syrian speakers in the First Egyptian National Conference, reflects the continued assimilation of that specific group in the national ranks.¹⁸ Some similar evolution occurred with other groups. In 1911, an Association of Property Owners was formed and included among its members several of the leading private bankers. Among these, there were Suarès, Menasce, Mosseri and Cattai (Qaṭṭāwī). Next to them, there were economic nationalists like 'Umar Bey Luṭfī.¹⁹ Another example of clubs which followed some professional basis of affiliation was Nādī al-Madāris al-'Ulyā (The High Schools Club), founded in 1906 as an association for graduates of various colleges.²⁰ This may have been the

¹⁷ This is the way this statement is quoted in two of Owen's works. See Owen in Buheiry, p. 2, quoting "Report of the Organizing Committee of the First Egyptian Congress - Part III - The Economic Situation," *Minutes of the Proceedings of the First Egyptian National Congress* (Alexandria, 1911), pp. 31-32 and idem., Cotton, p. 348.

¹⁸ See note 11 above.

¹⁹ Berque, p. 243.

²⁰ *al-Hilāl*, vol. 20 (1912), pp. 327-328.

starting point for the establishment of separate professional syndicates at later dates. A further evidence for some changing bases in group identification was a joint statement issued in response to some religious agitation during that period which stressed the idea that Egypt was accommodative to foreigners.²¹ The signatories to that statement included distinguished figures from among the nationals, minorities, and foreigners. From the latter two groups, there were bankers like Mosseri and businessmen like the prominent industrialist Henri Naus.²² This was an implicit joint acknowledgment that those individuals were part of the fabric of a society to which all the signatories of the statement belonged. Finally, the formation of the Commission on Commerce and Industry in 1916, which included Ḥarb and Ismā'īl Ṣidqī next to Cattau and Naus,²³ was a clear evidence of that evolution.

It appears that this development had a significant impact on the meaning of economic nationalism to that generation of nationalists. Given the emerging network of interests, it was necessary to develop the concept of Egyptian versus European, which was adopted in 1879, into a broader formulation which could accommodate those who worked for some perceived Egyptian common interest. Thus, Ṭal'at Ḥarb's survey of "Ideas that were intended to improve the conditions of Egyptians"²⁴ recognized the role of Crédit Foncier Égyptien and the Land and Mortgage Company as institutions that introduced orderly mortgage lending to Egypt.²⁵ The concept of economic nationalism was thereby expanded to encompass what was perceived as beneficial to the homeland, regardless of the identity of capital or promoters behind it. This position was expressed even more strongly in the way Ḥarb perceived of the connection between a national bank and foreign banks operating in Egypt. The clear inclination in "Inmā' al-Māl" to present the national bank as a means for challenging foreign capital was replaced here by a very cautious confirmation that the proposed Bank al-Ummah should not be perceived of as a challenge for foreign banks. Although Ḥarb contends that "everyday we learn of the opening of a new bank which siphons away the country's funds,"²⁶ he still makes this explicit confirmation:

²¹ Shafīq, vol. 3, pp. 280-288.

²² Ibid., vol. 3, pp. 280-288.

²³ Owen, "Ideology of Economic Nationalism," pp. 2-3; Ramaḍān, *Ṣirā'*, p. 96.

²⁴ This is the title of Chapter Two in Ḥarb's work. Ḥarb, p. 20.

²⁵ Ibid., pp. 20-21.

²⁶ Ibid., p. 6.

No one should think that this bank which we propose to establish by Egyptian capital will make it part of its agenda to fight the foreign banks operating in Egypt. This is a misconception in which we should not fall, since these banks performed great services to the country which should not be forgotten. Moreover, their presence in Egypt for all that time, the abundant profits and privileges that they gained, and the public confidence they have acquired would all place them in an immune position which makes it improper to try to challenge them (*mu'ākasatihā*).] The outcome of such attempts (*mu'ākasah*) may well be detrimental to us.²⁷

Instead of attempting to challenge foreign banks, Ḥarb proposed an agenda of cooperation: "our aim is to follow the example of those banks, to benefit from their experiences, from the expertise of their calibres in financial matters, and from their long practice of it."²⁸ The promotion of Bank Miṣr by the initiatives and efforts--in different proportions--of Yūsuf Naḥḥāṣ, Yūsūf Aṣlān Qaṭṭāwī, and Ṭal'at Ḥarb, was partly a manifestation of the evolution in Egypt's business and economic community. The Egyptian bourgeoisie, nevertheless, still needed the momentum of a grand political event in order to found the national bank. Having written his message in 1913, Ḥarb was able to give this idea a material expression only in the aftermath of the 1919 nationalist revolution which finally gave birth to Bank Miṣr in 1920.

²⁷ Ibid., p. 5.

²⁸ Ibid., p. 5.

Summary and Final Conclusion

The objective of this study was to detect whether there has been any expressions of economic nationalism against European economic and political encroachment on Egypt during the early period of that encroachment, and whether the economically powerful classes took any part in it. This research identified expressions of that nature which took place in 1879, three years after European penetration started to take the form of explicit control over Egyptian public finances and administration. It was also a few months after the curtailment in the Khedive's economic and executive powers by European control.

The groups who took the leading role in the studied expressions of economic nationalism were elites who traditionally benefited under the social system that preceded direct European control. For several decades, the position of those elites was being slowly enhanced through gradual control over increased proportions of agricultural land with related resource and tax privileges. Besides, the two constituent segments of this group, the *dhawāt* and the *a'yān*, controlled various parts of the central and provincial administration of the country. This was an indication of a slow evolution from absolute monarchy into some kind of power-sharing arrangements. A further enhancement along those lines occurred in the early 1870s when the deteriorating foreign debt position forced on the ruler an increasing resort to the means of the traditional elites through forms like *al-Muqābalah*. In exchange, the traditional elites obtained additional tax and property concessions.

Within the traditional elites as a group, the relative strength of the *a'yān* was generally on the rise, largely due to the fact that their position in the regime rested on local or provincial status rather than on the ruler's patronage. One of the important manifestations of that rise was the *a'yān's* inclination to delve into fields of economic activity within the agricultural sector beyond farming, like acting as intermediaries in the marketing of crops and making advances by way of rural credit. On the more visible political scene, that rise was manifested through the formation of a parliament, *Majlis Shūrā al-Nūwāb*, in the late 1860s. Notwithstanding the limited mandate of that body with respect to public affairs, it acted as a vehicle for expressing the *a'yān's* interests, thus allowing to them the position of a partner on improved terms. Generally speaking, therefore, while the

traditional elites on the whole evolved into a group whose economic and administrative control was promoted within the existing social order, the recent rise of the *a'yān* made them candidates for a further possible enhancement should any redistribution of power within this group take place.

The gradual establishment of European control over Egypt's public finances and administration since the mid 1870s created circumstances that promoted a movement of resistance by the traditional elites, particularly after the creation of the Commission of Inquiry in 1878 and the subsequent curtailment of the Khedive's executive and economic powers. These steps created a power vacuum at the top and a consequent opportunity for the traditional elites to enhance their position further, had the European administration not claimed that vacuum for itself. The inducement to resist the European-dominated administration was further increased by its inclination towards withdrawing the economic and political privileges of the traditional elites, and the resentment of other domestic groups for that administration. Accordingly, the traditional elites mobilized a broad front of participants to convene a National Assembly in April 1879 which issued and adopted a political program, "*al-Lā'ihah al-Waṭaniyah*." This program was composed of a financial plan which countered the European administration's plans and a set of constitutional demands which confirmed the curtailment of the Khedive's executive powers viz-a-viz the Council of Ministers and gave further powers to *Majlis al-Nūwāb*. This nationalist movement was premised on rejecting the principle of bankruptcy and argued that debt settlement was feasible within the fiscal framework that existed prior to the establishment of European control. The entire political viability of this move, therefore, hinged on the viability of the traditional elites' financial counter-plan. The elites' awareness of this connection was manifested in a collective undertaking by them to ensure the fulfillment of that counter-plan, and simultaneously, making their constitutional demands a necessary condition for the due execution of that plan. Within the scheme of "*al-Lā'ihah al-Waṭaniyah*," a space was preserved for representatives of Europe but only as controllers rather than ministers.

In the brief interregnum that ensued, the prime attention of the national cabinet went to demonstrating the viability of the financial counter-plan which was formally declared as the frame of reference for debt settlement through the decree of April

22nd, 1879. In spite of the fact that the cabinet employed the regime's most renowned tax-collectors towards fulfilling the commitments made in "al-Lā'ihah," the exercise of raising sufficient funds to meet all due payments required financial resources beyond the usual land tax and Muqābalah. Part of the additional resources were raised through loans advanced by domestic bankers and others through a reported subscription for a Patriotic Loan. Within these circumstances, the need was becoming evident for a national financial institution that could finance demands of relatively large magnitudes.

Notwithstanding its initial success in meeting some of the impending large payments, the cabinet failed to honor all its debt commitments. This failure was largely triggered by the withholding of the remaining portions of the Rothschild loan, which had formed part of the counter-plan's projected short term sources of funds. In spite of the resolution of legal difficulties which had delayed the full disbursement of this loan, it continued to be withheld as a practical demonstration by the European powers that the financial viability of the counter-plan was subject to their political endorsement of the regime. The failure of the cabinet to avail itself of the Rothschild loan was a further manifestation of the need for some national financial institution that could readily advance or procure funds. Given the strain on financial resources that resulted from the collections and payments made in the national cabinet's early days, the cabinet succumbed to European pressure. In a practical acknowledgment that the counter-plan could not be viable without European political support, the cabinet sought a retroactive endorsement of it. The failure to obtain that endorsement practically ended this national interregnum in June 1879. European control was subsequently resumed albeit in a different form until the eruption of a second longer interregnum in 1881, more widely known as the 'Urābī movement, which culminated in the British occupation in 1882.

Within the national interregnum of April-June 1879, calls were made for the establishment of a national bank. We can identify at least two variations of that call at that time. In both variations, the national bank was perceived of as a modern joint-stock bank along the European model. This mingling of ideas of modernity with ideas of national assertion is a trait that could also be observed in expressions of economic nationalism between 1911 and 1920. In each of the identified two variations of 1879, the sponsors presented their specific project as the means for

national economic salvation and as a sound commercial project in its own right. They used both of these elements to urge public subscription, appealing to a sense of national collectivity that prevailed in the existing political context. This intimate connection between those two concepts--modernity and national assertion--made the emergence of that brand of economic nationalism conditional on a context which appeared to allow the violation of existing power-relations, be it within the movements of 1879, 1881-1882, or 1919. However, each of the identified calls of 1879 perceived differently of the specific role of the prospective national bank. The first call was sponsored by a Syrian urban intellectual, Amīn Shumayyil, who may have expressed the vision and aspirations of a section of the intelligentsia. In this call, the national bank was perceived of as a vehicle for purchasing Egypt's foreign public debt and converting it into a domestic debt. In the second, sponsored by the *a'yān* and articulated in a communiqué titled "Inmā' al-Māl," the bank was perceived of as a means of dealing with the growing debt crisis in the countryside and of averting the risk of transfer of agricultural lands to foreign hands. By offering those different conceptions, each formulation addressed a different nationalist objective within the existing context: reclaiming control over the public treasury in one case and protecting national interests in agricultural land in the other.

As a consequence of this variation in concepts, the perceived national bank had different structural characteristics and different viability prospects in the cases of Shumayyil and "Inmā' al-Māl." In the first, it would have had to enjoy an extremely large capital base, should it target the entire debt of Egypt, to an extent that made the viability of this specific concept highly doubtful in the first place. By implication, that capital would have been held in proportionately small shares, a matter which would have also been consistent with Shumayyil's aim to avoid large controlling individual shares. In this scenario, the role of the traditional elites was confined to forming a founding committee and enhancing the process of public subscription, but without becoming the major shareholders themselves. In the second case, the specific amount of capital and respective shares were left as open issues, but the concept accommodated the possibility of allowing a controlling share for the traditional elites. In this formulation, the down to earth *a'yān* conceived of the national bank as essentially an agricultural credit bank. By doing so, they responded to a market that had then ripened for mortgage banking activities and they also offered a formulation consistent with the trend of diversifying and furthering their

share in agricultural activities and income. The conceptual viability of this formulation was shortly evidenced by the establishment of *Crédit Foncier* and The Land and Mortgage Company by French and British capital respectively, with the collaboration of proto-European domestic private bankers.

This analysis suggests that apart from being an expression of economic self-assertion viz-a-viz a foreign party, economic nationalism was otherwise a concept which bore varying connotations. As seen in the contrast between Shumayyil and "Inmā' al-Māl," this was the case even for expressions made in a given point of time, and by groups who, generally speaking, shared similar positions within the existing political spectrum. Each variation emphasized different aspects and interests within that general context and stood different prospects for success. Those variations can only be defined and understood by reference to the various interests and learning experiences within the given context.

Applying this perspective, it is possible to define common conceptual dimensions of the examined nineteenth-century expressions of economic nationalism. In those expressions, economic nationalism was a concept employed by privileged economic and political groups, the traditional elites, or by intellectuals who generally allied with them in their endeavour to defend immediate economic and political interests against European encroachment. As they moved for self assertion viz-a-viz Europe, however, they did not find it contradictory with their brand of economic nationalism to be inspired by European economic prototypes or to attempt a redistribution of political power on the basis of the August 1878 Rescript which was originally sponsored by European control. Moreover, it did not contradict with their tendencies to perceive of a space for Europe as a counselor, even though they stood fast against giving it executive portfolios in the cabinet. In all these aspects, the ideology of economic nationalism of the traditional elites was fairly conciliatory towards Europe. This ideological tenet was further demonstrated by the fact that the financial demands of European creditors were fully recognized in all examined formulations, and that the nationalist movement justified its existence by the claim that it could offer settlement of Egypt's foreign public debt on even better terms than those envisaged by the European administration. A parallel and, perhaps, related tenet in that ideology was its apparent conservative nature. The movement was nationalist inasmuch as it pursued the interests of some national groups, but it

was largely an attempt to preserve vested interests in the existing social order. Furthermore, the expressed ideas, at least in the "Inmā' al-Māl" variation, did not propose any radical departure from the observed market structure on the macro level, in contrast, for example, with Bank Miṣr's industrial orientations in 1920.

Thus, as far as Europe was concerned, the examined brand of economic nationalism recognized the existing power relation with it at that time, be it politically, economically or as an intellectual model. Socially, it was a conservative expression conceived within the existing patterns of class relations, without offering a radical economic vision beyond the adoption of a joint-stock business structure. Overall, therefore, the traditional elites adopted in those expressions a frame of reference derived from European institutions, and embraced those patterns as their economic and political ideals in order to protect and enhance their position as the society's elites. If the traditional elites offered a challenge to Europe's authority, it was a fairly limited challenge, confined to claiming a larger share in the distribution of political and economic control over the domestic arena, with due acknowledgment of a space for Europe and within the same general schema of power distribution among domestic groups.

These remarks should not be generalized to other expressions of economic nationalism during that period or in other periods. As noted earlier, different expressions can only be properly read in connection with the interests and learning experiences of the sponsoring parties. In all likelihood, an examination of expressions of economic nationalism by other interest groups during that period would reveal a different brand of ideas, some of which were already noted in the brief allusion to al-Jam'īyah al-Ṣinā'īyah al-Miṣrīyah.¹ If an analysis is undertaken for the expressions that dominated the second interregnum (1881-1882), it would likely reveal an ideology of economic nationalism less conciliatory towards Europe and more inclined to some concept of social equality.

Alternatively, some broad similarities can be detected in calls by similar interest groups in other periods of time, allowing for variations which demonstrate changes in the contexts between the examined periods. This is already revealed in the brief contrast done between the expressions of economic nationalism by the traditional

¹ See Chapter Six, note 68.

elites in 1879 and by other representatives of Egypt's entrepreneurial society in the 1910s. Aspects of continuity between these two phases of economic nationalism which were separated by some forty years include the impregnation of economic nationalism with modernity and the dependence in both phases on opportune political circumstances. The differences include the emphasis in the later formulation on the national bank as a bank for financing industrial development. Another was the apparent adjustment in the concept of nationalist economic identity to accommodate Egypt's growing urban and cosmopolitan entrepreneurial society, symbolically demonstrated in the combination of forces behind Bank Miṣr: an Arab Muslim (originally a Ḥijāzī), a Lebanese Maronite and an Egyptian Jew (Ḥarb, Yūsuf Naḥḥās, Yūsuf Aṣlān Qaṭṭāwī Pāshā respectively).

In all these variations, a study of economic nationalism can become a useful tool in identifying various interests of the different active groups within any given general context. However, the concept of economic nationalism in itself remains an ideologically indefinite concept, as already revealed to various extents from the preceding comparisons. This would be the case even though some of those parties may use parts of the example of their predecessors, if selectively, to ignite the imagination of their audience and mobilize them into some desired actions. This was the fashion in which Ḥarb used "Inmā' al-Māl" in 1911. To some extent, the same can be said about the deference shown towards Ṭal' at Ḥarb by the 1952 revolution.

As gleaned from the previous summary, it can be asserted that there has been a movement for establishing a national bank in Egypt at least forty years prior to the establishment of Bank Miṣr, and that this movement took place when the traditional elites interrupted briefly the trend of switching control over the finances and administration of Egypt to European powers. This is one of the conclusive findings of this research. It can also be suggested that at least one of these calls, namely "Inmā' al-Māl," was conceptually feasible. How much of the frustration of that call could be attributed to the lack of expertise and how much of it to the frustration of the nationalist movement is a more difficult question to address at the present time. However, the dependency of that articulation on an opportune political atmosphere that would challenge national resources in ways beyond the usual economic process is in itself an aspect of weakness, since it makes the viability of the project subject to ongoing power struggles regardless of its conceptual soundness.

A by-product of this study, already implied in the preceding analysis, is a tentative suggestion regarding the place of the 1879 movement in historical perspective. In the present literature, the interregnum of April to June 1879 is treated as a background to the 'Urābī revolution and the latter is conventionally defined to fall between the military demonstration led by 'Urābī in September 1881 and the military confrontation between his army and the British in the summer of 1882. This conventional definition needs to be shortened considerably to start no earlier than February 1882, when Sharif Pāshā--appointed as Prime Minister once more at the beginning of that interregnum--resigned after clashing with the newly elected parliament over constitutional demands. It may even be argued that this periodization should be shortened further to start in May 1882, when 'Urābī finally split with the a'yān. Significantly, it was also at that time that Adīb Ishāq and Salīm al-Naqqāsh, intellectuals of a generally similar background to Shumayyil, broke ranks with the 'Urābī movement. The perception of the nationalist movement as a movement which started under 'Urābī, all the rest being a background to it, is a misconception. April 1879 marks the beginning of an attempt for national assertion, which can be seen within a historical continuum of anti-European movements, but not as a background to the 'Urābī movement in the way the existing literature treats it. This was an entirely different movement with respect to the forces that took the lead in it and their agenda. It seems that it was only through the subsequent 'Urābī movement that those forces came to redefine their position viz-a-viz colonialism, accepting some kind of coexistence which started by embracing a division of labour based on the pre-1879 arrangement, but which also allowed a more gradual and much slower process of economic rise than the aspirations of the traditional elites in 1879.

Two issues that arise from this study remain open for further investigation. First, there are two groups of economic elites who have not so far received sufficient treatment in the literature, the mercantile class and the group of financiers or entrepreneurs for whom the designation "private banker" was tentatively used throughout this study. Some of the relevant questions in this respect were identified in parts of this study and deserve further development. Another issue which warrants further examination is the transformation of Egypt's entrepreneurial society between 1879 and the early 1910s. Again, the ramifications of this

transformation were briefly addressed in the epilogue in the course of tracing changes in the connotation of economic nationalism between both periods. The process of transformation in Egypt's entrepreneurial society under colonial rule, however, is in itself an interesting subject and an examination of it remains outstanding.

Appendix I

The Long-term Foreign Debt of Egypt, 1860-1878

<u>Year</u>	<u>Agent Bank</u>	<u>Nominal Loan (in £)</u>	<u>Realized Loan (in £)</u>	<u>Realized / Nominal (in %)</u>	<u>Annual Payment (in £)</u>	<u>Redemption</u>
1862	Fruhling & Goschen	3,292,800	2,500,000	75.92	264,735	1892
1864	Fruhling & Goschen	5,704,200	4,864,063	85.27	620,392	1879
1865	Anglo-Egyptian	3,387,300	2,750,000	81.19	368,350	1881
1866	Fruhling & Goschen	3,000,000	2,640,000	88.00	710,000	1874
1867	Imperial Ottoman	2,080,000	1,700,000	81.73	258,092	1881
1868	Oppenheim	11,890,000	7,193,334	60.50	953,328	1898
1870	Bischoffsheim	7,142,860	5,000,000	70.00	668,961	1890
1873	Oppenheim	32,000,000	19,973,658	62.42	2,565,670	1903
Totals		68,497,160	46,621,055	68.06		

Notes:

(1) The above table lists the loans issued as negotiable treasury bonds (therefore traded in capital markets) until the first suspension of interest payments (April 1876).

(2) The contracted issue prices ranged between 70 to 93% of nominal value. The real issue, after various deductions, ranged between 60 and 88% of nominal value.

(3) The nominal interest rate on all loans in the above table was 7% p.a., except for the 1867 loan, interest on which was 9%. The real interest rates, however, ranged between 8 and 11.56%, depending on the realized amount of the loan. Annual amortization ranged between 1.25 and 4.5% in real terms (excluding the 1866 loan, the real annual amortization of which was 18.8%). Total real charges, therefore, ranged between 10 and 15.1% (but 26.9% for the 1866 loan).

(4) The loans were secured by a variety of revenues, including the Alexandria customs duties, land-taxes, and railroad revenues.

Sources: Hamza, pp. 46-47, 237-239, 256-257; Landes, *Bankers and Pashas* pp. 339-340; al-Rāfi'i, *ʿAsr Ismāʿīl*, vol. 2, pp. 26-36, 41-42, 76-77.

Appendix II

Commercial Banks in Egypt: Advertisement by Crédit Lyonnais (Translation)¹

ADVERTISEMENT

Crédit Lyonnais
Société Anonyme

Capital 75 Million Francs

Branches in Lyon, Paris, Marseilles, London, Madrid, Istanbul,
Alexandria, Cairo, Port-Sa'ïd, Vienna, Petersburg

Alexandria Branch

[We] advance loans secured by Egyptian and non-Egyptian [financial and commercial] papers[,] as well as overdrafts secured by deposits[.] The bank also accepts telegraphic mandates to purchase [financial] papers of all types from stock-exchanges[;] [accepts] deposits of papers in its safe-deposit boxes[;] [executes] transfers to Alexandria[,] Cairo[,] Port-Sa'ïd and abroad[;] discounts bills up to any amounts[;] issues letters of credit drawn on all established firms in Europe as well as in India and China; and executes telegraphic collections and payments in Cairo, Port-Sa'ïd, Istanbul, Vienna and Petersburg.

This branch pays an interest of 4% on all amounts deposited for up to one full year.

Alexandria Branch for Merchandise

The Crédit Lyonnais branch advances loans secured by commodities[,] particularly cotton, cotton-seed, and grains. [We] also accept in our warehouses any such commodities by way of security-deposit[,] whether such commodities are destined for sale in Mīnā al-Baṣāl stock-exchange or for export[,] and the branch operates a special desk in Mīnā al-Baṣāl for this purpose.

¹*al-Tijārah*, 15/5/1879. The same advertisement is repeated at least eleven times in the relevant volume of *al-Tijārah*, which contains twenty one issues some of which are illegible or mutilated

Appendix III.1

The Rise of Mortgage Banking in Egypt, 1882-1914:
Capital and Debentures of Mortgage and Commercial Banks, 1883-1914¹

	<u>-----Sizes-----</u>			<u>-----Growth Rates-----</u>			<u>-----Relative Sizes-----</u>	
	<u>Mrtgg</u> <u>Banks</u> (LE 000 000)	<u>Cmmrc</u> <u>Banks</u> (LE 000 000)	<u>All Jt-stock</u> <u>Companies</u> (LE 000 000)	<u>Mrtgg</u> <u>Banks</u> (%)	<u>Cmmrc</u> <u>Banks</u> (%)	<u>All Jt-stock</u> <u>Companies</u> (%)	<u>Mrtgg</u> <u>/ Cmmrc</u> (Ratio)	<u>Mrtgg</u> <u>/ All Jt-stock</u> (%)
1883	3.8	1.8	22				2.11 : 1.00	17.3%
1892	4.5	0.6	26	18.4%	- 66.7%	18.2%	7.50 : 1.00	17.3%
1897	5.9	0.6	32	31.1%	0 %	23.1%	9.83 : 1.00	18.4%
1902	10.5	2.1	44	78.0%	250.0%	37.5%	5.00 : 1.00	23.9%
1907	39.7	5.5	104	278.1%	161.9%	136.3%	7.22 : 1.00	38.2%
1911	52.5	5.4	115	32.2%	- 1.8%	10.6%	9.72 : 1.00	45.7%
1914	54.5	4.5	116	3.8%	- 16.7%	0.9%	12.11 : 1.00	47.0%

¹Figures in the first three columns are taken from al-Jiritali, p. 230. The rest of the table is my calculation.

Appendix III.2

The Rise of Mortgage Banking in Egypt, 1882-1914:
Loan Portfolio of Crédit Foncier Égyptien 1880-1907 by Location of Borrowing

<u>Location</u>	<u>Borrowing</u> <u>(in LE)</u>	<u>Share</u> <u>(in %)</u>
al-Gharbiyah	6,871,992	16.7
Cairo	6,218,574	15.2
al-Minyā	5,579,180	13.6
al-Daqahliyah	4,194,725	10.2
al-Sharqīyah	3,986,148	9.7
al-Buḥayrah	3,198,441	7.8
al-Qalyūbiyah	1,966,943	4.8
Asyūt	1,880,868	4.6
al-Munūfiyah	1,603,875	3.9
al-Fayūm	1,461,421	3.6
Qinā	1,182,967	2.9
Alexandria	827,215	2.0
Jirjā	778,679	1.9
Banī-Sūaif	622,829	1.5
al-Jizah	483,531	1.2
Port Sa'īd	91,790	0.2
Manṣūrah	79,892	0.2
Aswān	15,711	0.0
Totals	41,044,781	100.0

Source: Harb, p. 162.

Appendix III.3

The Rise of Mortgage Banking in Egypt, 1882-1914: Loan Portfolio of Crédit Foncier Égyptien 1880-1907 by Size of Loans

<u>Ranges</u>	<u>Number of Transactions</u>	<u>Share (in %)</u>	<u>Borrowing (in LE)</u>	<u>Share (in %)</u>
Less than 100	158	1.4	20,375	0.05
100 - 200	1678	14.6	263,496	0.64
200-300	1134	9.8	307,997	0.75
300 - 400	932	8.1	347,213	0.85
400 - 500	770	6.7	385,029	0.94
500 - 1000	1359	11.8	1,835,139	4.47
1000 - 2000	1785	15.5	2,958,403	7.21
2000 - 3000	1002	8.7	2,511,002	6.12
3000 - 5000	987	8.6	3,967,730	9.67
5000 - 10000	878	7.6	6,360,433	15.50
10000 - 40000	731	6.3	13,757,294	33.52
40000 - 60000	58	0.5	2,922,832	7.12
60000 - 70000	13	0.1	768,098	1.87
70000 - 90000	11	0.1	899,342	2.19
90000 or more	25	0.2	3,740,398	9.11
Totals	11521	100.0	41,044,781	100.0

Source: Harb, pp. 164.

Comments to Appendices III.2 and III.3

Based on the observation that the funds advanced by the Crédit Foncier in its first five months of operation exceeded LE 1.0 million, and on the assumptions that the bank advanced money up to 50% of the mortgaged property and that good land was worth LE 25 per *faddān*, Roger Owen suggests that the area of affected land in the first five months of operation of Crédit Foncier must have been 80,000 *faddāns*¹. This estimate may be a bit inflated by the effect of two factors. First, the provision regarding the ceiling of loans. The articles of incorporation allowed a ceiling of 60% (not 50%), so loans of LE 1.0 million could correspond to property valued at up to LE 1.7 million (instead of up to LE 2.0 million), a factor of inflation by some 18%. Second, the bank advanced mortgage loans against both agricultural and urban lands. Between 1880 and 1907, these amounted to LE 7.3 million out of a total LE 41 million, or a share of 17.6%. This meant that agricultural property mortgaged to the bank represented some 82.5% of its securities throughout the period (and not 100%), which implies another inflation factor by some 21.2%. While it is very possible that at the beginning of the period the shares were distributed differently--possibly less in favour of urban centres, bearing in mind the appreciation in value of urban property in the late nineteenth-century and up to 1907 crisis--it remains the case that some allowance should be made for loans advanced in urban centres even at 1880. Taking both together, the estimate that 80,000 *faddāns* must have been mortgaged to the bank in its first five months of operation may be exaggerated by up to some 46%. Thus, the affected area in the first five months may have been 55,000 and not 80,000 *faddāns*.

From the perspective of the amounts of loans, the bank seems to have advanced most of its loans to owners whose property could support larger individual amounts of borrowings. Moving on a scale of 15 classifications, which start from loans less than LE 100 each up to loans of LE 90,000 each or more, we find that the amount of loans advanced to borrowers in the lowest category represented .05% of the total loans advanced from 1880 to 1907. Adding together all loans advanced in the lowest five categories (less than LE 100 up to LE 500), we find that these were 3.25% of the total. The share of the next five classifications (from LE 500 to LE 10,000) was 43.0%, while the share of the highest five categories (from LE 10,000 to LE 90,000 or higher) absorbed 53.8% of the total portfolio. We also find that the

¹ Owen, *Cotton*, p. 241, and f.n. 2.

share of each category separately increased as we went up the ladder, up to the eleventh category (from LE 10,000 to LE 40,000) which alone absorbed 33.5% of the total loans. The share then dropped very significantly for the next three categories, but moved up again for the largest amounts of loans (over LE 90,000) which absorbed alone some 9.1% of the total. From the perspective of the number of loans, however, the bank's dealings with small borrowers was more extensive than the shares of the amounts of loans suggest. Looking to the number of borrowers, it can be observed that the number of deals contracted with the lowest five categories was some 40% of the total, rose to some 50% for the five classifications in the middle, then dropped to some 10% for the largest five categories. The single largest number of loans went to borrowers in the seventh category (LE1,000 to LE 2,000)--right in the middle. This observation is not entirely surprising since the average size of loans--and property--rises as we move from smaller to larger borrowers. The bank's dealings, therefore, seem to have extended to a wide spectrum of property sizes. Although in terms of size of loans borrowers of larger amounts took the largest share, in terms of the number of customers those borrowing smaller amounts were the largest.

Appendix IV

"al-Lā'ihah al-Waṭaniyah": Components and Financial Feasibility

Most works on the political movement in Egypt during this period refer to "al-Lā'ihah al-Waṭaniyah," and some of them discuss certain aspects of it, but they do not attempt to analyze fully its important contents.¹ What follows is an attempt to provide some analysis of four aspects of that document: first, the structure of both its Arabic and French versions; second, the different accounts on the number and breakdown of the signatories to it; third, a summary of the major elements in its projections of revenues and debt settlement; and fourth, some very preliminary discussion of its financial feasibility. As argued elsewhere (Chapter Three), the document was not just a financial plan. From this perspective, the present appendix is only a partial coverage of some aspects of that important document.

(A) Components and Structure

"al-Lā'ihah al-Waṭaniyah" exists in two official versions. One of these is in Arabic, and seems to be the one originally submitted to the Khedive by the signatories. A complete photographic picture of this version and the signatories appears in Khalil Ṣubḥī's, *Tārīkh al-Ḥayāh al-Niyābiyah*.² The other is in French, and was part of the package submitted by the Khedive to the representatives of the European powers on April 7th. The latter version, together with the rest of the package submitted to the foreign representatives, was attached as an enclosure to Lascelles' report on the proceedings of April 7th, and is accompanied by certified lists of signatories.³ There are some differences between the two versions, but even the most important of them would not alter in any material way the basic positions in the Lā'ihah.

¹ See, for example, the brief allusions in Sālim, pp. 127-128; Shafīq, vol. 1, p. 37; 'Isā, pp. 356, 358-359; Rothstein, pp. 88-89; 'Abd al-'Azīz Rifā'i, *al-Dīmuqrāṭīyah wa-al-Aḥzāb al-Siyāsīyah fī Miṣr al-Ḥadīthah wa-al-Mu'āshirah, 1875-1952* (Cairo, 1977), p.22.

² Ṣubḥī, vol. 4, p. 32 and vol. 5, pp. 99-106. Citations in the present discussion regarding this version are all in reference to "al-Lā'ihah al-Waṭaniyah," in Jallād, vol. 2, pp. 171-184. The text appears also in *Fihrist al-Awāmir al-'Alīyah 1876-1880*, pp. 74-90 and in Sarhank, pp. 361-364.

³ Lascelles to Salisbury, 7/4/1897 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5* (1879), vol. 78, pp. 96-107.

1. Components of the Arabic and French Versions

(a) The Arabic Version

The Arabic version starts by a preamble where the signatories stated their refusal of the assumption of bankruptcy, which was the premise of Rivers Wilson's draft plan, and introduced their document as a counter-plan to Wilson's proposals. Their counter-plan, they explained, was elaborated with due attention to Egypt's existing public debt obligations and was submitted only after they ascertained that Egypt's revenues would sufficiently cover those obligations. The signatories, accordingly, undertook themselves and on behalf of their countrymen to exert their best efforts to honor the obligations proposed in this counter-plan. In this version, the preamble ends at this point with the seals of some 330 signatories as representatives of various social groups. Below the signatures, the date appears as 10 Rabi' al-Akhar, 1296 (April 2nd, 1879).

The preamble acted as a cover memorandum to the counter-plan, and was followed by the latter in three parts. These are respectively devoted to public revenues, public debt settlement, and public expenditures. A short paragraph then followed with the sub-title "Conclusion." This contained demands for constitutional reforms in what sounded like a statement of conditionality for the execution of the signatories' best efforts for the implementation of the plan. The last line in that paragraph referred to the necessity of providing enough assurances to the creditors and proposed the appointment of European Controllers over revenues and expenditures. This "Conclusion" was followed by a comparison between the proposals in "al-Lā'ihah" and Rivers Wilson's, and the implications of each.

A set of seven tables was appended to the document. The first of these covered public revenues. The second covered projected collections under the Muqābalah. Three tables followed with detailed repayment schedules for three of Egypt's principal debts. A sixth table gave an account of government surplus after debt servicing, and the last--which is not numbered--gave a summary of government budgets. All projections covered the period 1879 to 1886.

(b) The French Version

As far as the general structure is concerned, the French version contained the same parts, if with a slightly different arrangement. In that version, the preamble and

"Conclusion" are merged, and they appear as the cover page of the document. The counter-plan contained the same three parts as the Arabic version, with a slight rearrangement of debts in its second part. It was similarly followed with a comparison to Wilson's proposals and with the same appendix of schedules. More importantly, the French version included a much more substantial justification for the retention of the Muqābalah, and a more detailed coverage of one type of debts, the Floating Debts. On the other hand, the French version omitted altogether any reference to the Rūznāmah loan, to which the Arabic version alluded briefly and proposed to retain as a state debt.

2. The Khedive's Declaration

As mentioned in an earlier part, the package given to foreign representatives on April 7th included "al-Lā'ihah al-Waṭaniyah," in addition to two other documents, namely an extract from the Parliament petition of March 29th and a declaration by the Khedive dated April 5th.⁴ The fact that the Lā'ihah was distributed with other documents made some writers refer to the various components of that package as separate documents constituting together "al-Lā'ihah," or as separate parts of the one document known with that name. Alexander Schölch and Ra'ūf 'Abbās Ḥāmid made this judgment, and referred to the Khedive's declaration as an integral part of "al-Lā'ihah." This would technically make the Khedive a party to the Lā'ihah, rather than the party to whom it was addressed.⁵ This is incorrect. The document which appears in official publications and in compilations from official records under the title "al-Lā'ihah al-Waṭaniyah" includes the preamble (or preamble and conclusion as the consulted version may be), the counter-plan, a comparison to Wilson's plan, and schedules of projections. The declaration of the Khedive was made by way of responding to "al-Lā'ihah" as submitted by representatives of various social groups, but was not in itself part of that document.

⁴ There are various allusions to this declaration. See *The Times*, 19/4/1879; Cromer, vol. 1, pp. 100-103; Schölch, *Egypt for the Egyptians*, p. 90; Ḥāmid in *al-Mu'araḍah al-Waṭaniyah*, p. 55; al-Ayūbī, pp. 479-480.

⁵ Schölch, *Egypt for the Egyptians*, p. 90; Ḥāmid, *al-Mu'araḍah al-Waṭaniyah*, p. 55; cf. al-Rāfi'i, *'Aṣr Ismā'il*, vol. 2, pp. 183-184. Conversely, al-Ayūbī refers to "al-Lā'ihah" as the set of three documents, namely the March 29th petition, the Preamble, and the financial counter-plan. Again, this is incorrect because it treats the March 29th petition as part of "al-Lā'ihah." See al-Ayūbī, pp. 479-480.

(B) Signatories

1. Number of Signatories

Notwithstanding some very slight differences between major sources, it is generally agreed that al-Lā'ihah was signed by some 330 signatories. 'Abd al-Rahman al-Rāfi'i puts the number at 327. His source is not mentioned, but it may be either *al-Waqā'i' al-Miṣriyah* or *Fihrist al-Awāmir al-'Āliyah 1876-1880*, although one would imagine that these two sources may not have included a full list of the signatories. According to British consular correspondence, which included a copy of the French version of al-Lā'ihah with a certified list of signatories as mentioned earlier, the total number was 329. *The Times* counted 230 signatories, in addition to "the Coptic Patriarch, the chief Rabbi, the Sheikh-ul-Islam," plus many military and naval officers.⁶ Given that both al-Rāfi'i and the consular reports mention that the number of officers who signed that document was 93, the total number in *The Times* would be also close to 330.⁷

2. Breakdown by Group

The signatories included representatives from the major social groups, again with very slight differences in reports regarding the numbers from each group.⁸ Some 28% of the signatories came from army and naval officers. Members of the Majlis who were in Cairo at that time (60 out of 75) signed the document, as well as a similar number of religious functionaries, contributing some 18% of the signatories each. Government employees (including retirees) contributed some 22%, and notables outside the parliament, including merchants, contributed the remaining 14%.⁹

⁶ *The Times*, 19/4/1879.

⁷ al-Rāfi'i, *ʿAṣr Ismāʿīl*, vol. 2, p. 184; Lascelles to Salisbury, 7/4/1897 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 96-107.

⁸ In addition to al-Rāfi'i and Lascelles' despatch to Salisbury, see Schölch, *Egypt for the Egyptians*, pp. 89, 329-330 n. 66; al-Ayūbī, p. 478; Ḥāmid, *al-Muʿāraḍah al-Waṭaniyah*, p. 55; Rifāʿī, p. 22; ʿIsā, p. 356; Rothstein, p. 89; Sālim, p. 128. Schölch uses the figures given by al-Rāfi'i, and notices some discrepancies between his figures and those given by Landau. Schölch accepts al-Rāfi'i's on the grounds that Landau makes some wrong claims. ʿIsā makes a comparison between the figures given by al-Rāfi'i and those in some other sources.

⁹ al-Rāfi'i, *ʿAṣr Ismāʿīl*, vol. 2, p. 184; Lascelles to Salisbury, 7/4/1897 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 96-107.

(C) Projections of Revenues and Debt Settlement.

1. Revenue Structure

The financial counter-plan retained the Muqābalah with its pursuant obligations and privileges¹⁰ and maintained the existence of a two-tier land tax, *kharāj* and '*ushr*. The difference between both plans, as far as the treatment of '*ushr* is concerned, was noticed by al-Rāfi'i and Schölch.¹¹ The signatories themselves avoided any direct comparison to Wilson's plan on this point. The Lā'ihah's section on revenues contained some allusion to the surtax on '*ushr*, but only by way of referring to Wilson's projections of revenues. Interestingly, however, the fact that the counter-plan perpetuated this privilege was totally ignored in the last part of "al-Lā'ihah," where a comparison is made to highlight those aspects of the counter-plan which the signatories found superior to Wilson's.¹² In the Arabic version of the plan, the Rūznāmah is also continued to be recognized as a state debt, subject to payment as and when revenues allowed.¹³

The retention of the Muqābalah made it possible to boost the short term revenues of the state, since collections under this item were expected to continue to flow in until 1886. Revenues projected from this source (estimated at £1.4 million annually between 1879 and 1885, and £0.7 million in 1886)¹⁴ exceeded the combined loss in revenues resulting from the omission of the £150,000 surtax on '*ushr* which Wilson had proposed, and from the payment of only 50% of the land-tax as a result of retaining al-Muqābalah.¹⁵ Not surprisingly, the Lā'ihah devoted a considerable space to arguing for the retention of the Muqābalah on the strength of its short-term benefits, and this was particularly more elaborate in the French official version.¹⁶ In this respect, equity considerations were also raised, namely that the abolition of the

¹⁰ "al-Lā'ihah," p. 172 and table 2, p. 180; Lascelles to Salisbury, 7/4/1897 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 98-99 and Table 2. See also al-Rāfi'i, p. 184; Sālim, p. 127.

¹¹ al-Rāfi'i, pp. 184; Schölch, *Egypt for the Egyptians*, p. 91.

¹² "al-Lā'ihah," p. 172, cf. pp. 175-176.

¹³ Ibid., p. 174 cf. Lascelles to Salisbury, 7/4/1897 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 98-100.

¹⁴ "al-Lā'ihah," pp. 172, 180; Lascelles to Salisbury, 7/4/1897 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 98, 104.

¹⁵ This is also noticed by the Alexandria Correspondent of *The Times* in his report of late April. *The Times*, 5/5/1879.

¹⁶ "al-Lā'ihah," p. 172 cf. Lascelles to Salisbury, 7/4/1897 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 97-98.

Muqābalah would prejudice the rights of those who had paid some LE 16 million by that date without offering them sufficient compensation.¹⁷

State revenues were further supplemented by maintaining various petty taxes and charges which Wilson had intended to abolish. No allusion is made anywhere in the Lā'ihah to Wilson's abolition of such petty taxes, to the extent that this difference would be missed by anyone who is not familiar with Wilson's plan. Like the case when the Lā'ihah avoided to highlight the difference in the treatment of 'ushr, the suppression of the different treatment in al-Lā'ihah of those petty taxes is also significant, since their retention meant a distribution of burdens which benefited the national elites. The retention of these petty taxes and its implication is again noticed by the Alexandria Correspondent of *The Times* and by Schölch.¹⁸

2. Debt Service Plans

The result of the above changes was to boost state revenues in the immediate term and for up to seven future years (1879-1885) from some LE 8.8 million projected by Wilson to some LE 9.55 million. According to the counter-plan, this would have been achieved at the cost of operating on a narrower revenue base beginning in 1886, when the last payment of Muqābalah was to be made. Projected revenues for that year were only LE 7.75 million. Arguably, an even lower figure would have been expected in subsequent years when no more Muqābalah payments were to flow in.¹⁹ It should be noted, however, that the counter-plan projected full repayment of the Paris Syndicate, Short-term Loans and the Floating Debts before 1886. Overall, this arrangement was very much in line with the original rationale behind imposing al-Muqābalah, when this payment was meant to maximize immediate and short-term revenues in return for sacrificing longer-term revenues on the assumption that the need for funds will diminish once debts were settled.

¹⁷ "al-Lā'ihah," p. 175; Lascelles to Salisbury, 7/4/1897 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, p. 98. Schölch presents the equity argument of "al-Lā'ihah" with respect to the Muqābalah very skeptically. Schölch, *Egypt for the Egyptians*, p. 91.

¹⁸ *The Times*, 28/4 and 5/5/1879; Schölch, *Egypt for the Egyptians*, p. 91; Ḥāmid, *al-Mu'araḍah al-Waṭaniyah*, p. 56.

¹⁹ "al-Lā'ihah," pp. 172, 176, 177-179, 184; Lascelles to Salisbury, 7/4/1897 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 98, 101-103; *The Times*, 19/4 and 5/5/1879.

(D) Views on Financial Feasibility.

It is not within the scope of this study to look thoroughly into the feasibility of the counter-plan. We notice, however, that many of the comments made on this issue reflect the attitude from the underlying political movement of April 1879. Sympathetic writers, like al-Rāfi'i, view the political movement of April 1879 as a nationalist constitutional movement and consider the Lā'ihah "the first collective demand from the nation's leaders ... to establish a system based on modern constitutional principles".²⁰ Correspondingly, he also finds the financial counter-plan praiseworthy, feasible and capable of servicing public debt obligations. Had European creditors and governments held "good intentions" towards Egypt, al-Rāfi'i argues, they would not have protested against the financial counter-plan since it "preserved the rights of the country and those of her creditors at the same time".²¹ al-Rāfi'i also finds the counter-plan essentially in agreement with Wilson's plan, except for the positions concerning the Muqābalah and the 'ushr tax. No question is raised regarding the significance of those differences.

On the other hand, there are views that the counter-plan was "impossible of execution".²² The more elaborate expressions of those views rest mainly on the criticism that projections for revenues were unrealistic. Compared to a projected revenue figure of LE 9.55 million, it was suggested that any estimate in excess of some LE 7.0 million was highly doubtful, and that "even that amount has to be made almost literally from the flesh and blood of the luckless fellah."²³ Other criticism of the counter-plan's viability point to the difficulty of making any significant savings in public spending, remarking that spending on public services was already severely cut, that salaries of government employees were several months in arrears, and that the army and navy were already trimmed to the smallest possible size.²⁴ Debt settlement plans were also doubted, at least in the immediate term. Of some LE 2 million required to pay the May 1st coupon of the Unified Debt, only LE 1 million was available by the time the Lā'ihah was submitted.²⁵

²⁰ Quotation from al-Rāfi'i, *ʿAṣr Ismāʿīl*, vol. 2, p. 184. See also the rest of his discussion, *ibid.*, pp. 183-184.

²¹ *Ibid.*, vol. 2, p. 184.

²² Cromer, vol. 1, p. 109.

²³ de Leon, p. 69. See also *The Times*, 16/4 and 19/4/1879.

²⁴ *The Times*, 16/4/1879.

²⁵ *The Times*, 16/4/1879.

This latter prophecy proved wrong, albeit at a high cost to the population at large and with a significant stretching in fund-raising from domestic sources.

It is possible to find some responses in al-Lā'ihah to some of these criticisms. Revenue projections made in al-Lā'ihah were based on Wilson's projections, with some adjustments to account for the differences between both plans. The most important of these adjustments are the addition of al-Muqābalah payments and the subtraction of both the 'ushr surtax and 50% of the land-tax. There is also a virtual redefinition of the components of public revenues which makes it improper to make a direct comparison between revenue projections in al-Lā'ihah and revenues collected in previous years. For example, the Lā'ihah contained in its projections the gross revenues of certain authorities whose net revenues only had hitherto been included in public revenues (ex. the Railway Authority).²⁶ This is a clear and significant tendency to centralizing revenues and expenses, typical of a crisis situation, which is also seen in the signatories' testimony that their project encompasses all revenues and spending. Bearing in mind that the resulting LE 9.55 million was partly the product of such redefinition of components, the feasibility of al-Lā'ihah's projections would have depended largely on projected collections under al-Muqābalah, which was the most significant addition to revenues in comparison to Wilson's envisioned arrangement. The criticism regarding the difficulty of carrying any cuts in the already low figure of public spending can be answered easier by al-Lā'ihah's sponsors, who may point out that their counter-plan provided a higher allocation for public spending than that allocated in the Commission's plan (LE 4.00 million versus LE 3.00 million).²⁷

In short, therefore, although a closer look into the individual components of all figures is necessary before a firmer judgment can be made, it could be argued that if Wilson's revenue projections were feasible then al-Lā'ihah's would have been similarly feasible. Since public spending was more conservatively budgeted in "al-Lā'ihah," the debt settlement plans conceived in it would not have been less sound than those in Wilson's. This is, of course, assuming that the projected collections were to materialize. The necessary condition for the success of the counter-plan was

²⁶ "al-Lā'ihah," p. 172; Lascelles to Salisbury, 7/4/1897 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, p. 98.

²⁷ "al-Lā'ihah," p. 175; Lascelles to Salisbury, 7/4/1897 inclsr., *Parliamentary Papers, 1878-1879, Egypt 5 (1879)*, vol. 78, pp. 100, 106. See also *The Times*, 5/5/1879.

the ability to mobilize in the immediate term a significantly higher flow of funds than what Wilson's plan envisioned. As presented in "al-Lā'ihah," these were to come largely from payments under the Muqābalaḥ and from drawings under the Rothschild loan. It was eventually proven that the availability of the latter was beyond the control of the sponsors. The withholding of that loan forced on the administration the necessity of mobilizing funds from sources beyond those projected in "al-Lā'ihah," including subscription by the same classes who were trying to avoid the *'ushr* surtax. The first month of Sharīf's cabinet soon demonstrated to the sponsors of the national program that the financial viability of a political program will be determined by factors that go beyond pure financial considerations.

Appendix V

Amin Shumayyil's Letter to the Arabic Press: Text and Notes¹

[1. Idea Motivated by the Need to Stop Foreign Intervention]

I write this to you to demonstrate my gratitude for the good summaries you have published in your [newspaper] *al-Tijārah* of al-Bank al-Ahlī project, which I made my subject of study these days after I saw the state of confusion that is threatening our national life and the failure of the arrogant foreign administration. The actions of the officials of that administration showed that strangers are ignorant of home affairs. This project, which I believe will be an insurmountable barrier² in the face of foreigners, has one practical difficulty, namely its substantial nominal capital. But it is still possible [to procure this capital]. Only strong wills confront impossibilities, and will-power is exercised by those who possess it.

[2. Shumayyil Aware of a Competing Proposal for a Private Bank]

The reception I got from the Khedive, when I had the honour of meeting with him to present my project, and the interest and determination I found on his part, ensures [that the idea will be taken with] care and initiative. I do not know, however, whether the choice will finally be for my project or another one of which I heard, which proposes the establishment of a private bank of some national character³ with a capital of [LE] two to four million, [but] whose origins and provisions I know nothing about. But I plead to the justice of those in charge to test both my project and the other one and choose the one closer to the country's interest. I would express my opinion in this respect as follows.

¹ Shumayyil, "al-Bank al-Ahlī". The letter appeared in *al-Tijārah*, 26/4/1879 and in *al-Ahrām*, 15/5/1879. The two letters are identical, except for substituting the expression "your *Tijārah*" by "your *Ahrām* and your *Ṣadā*," the reference here being to the two daily papers *al-Ahrām* and *Ṣadā al-Ahrām*, both published by Salīm Taqlā. This letter may have appeared in other papers as well, but I could not ascertain this due to the non-availability of relevant volumes, except for *al-Waqā'i' al-Miṣriyah* which did not carry it.

² The original text uses the expression "*saddān Iskandariyān*" ("Alexandrian dam").

³ The text uses the expression "*lahu ba'du al-ha'i'ati al-ahliyah*." It is unclear whether that expression refers to a mix in the founders between foreigners and nationals (which would be the case with *Crédit Foncier Égyptien*) or to a mix of a large share for individual founders and a smaller share for public subscription.

[3. Private Banks Incapable of Fulfilling Present Needs]

[The criterion should be that] every project which does not pursue the country's interest and which is not backed by capability, competence, and will, and which is not founded on the principles of political and commercial economy, is of no benefit to us at the present. This excludes, first of all, every private project. Not only that such a project would not be beneficial to the country, it might even harm her. The objective behind that project would be to establish a bank stronger than existing banks, allegedly to serve the needs of agriculture and commerce. The benefits [viz. profits] of it, however, would accrue to wealthy individuals who claim to pursue a common benefit but who want in reality to suck the remainder of the country's blood. This is different from my project which is purely national, and which aims to benefit the country's agriculture, commerce, and finances, and uses its capital to meet its debts. I have clearly written it and published its summary without disguise and without aiming at a personal gain. If the promoters of the other project aim at the benefit of the homeland, which is the illusion they want to create, let them take my project as their guiding principle and constitution. Instead of establishing the bank as a private bank with their own funds, let them make it a national bank. [If they are pursuing the public benefit,] they should form of themselves a founding committee and allow all countrymen to participate with them each according to his will and capability.⁴ [They would then be fulfilling a public mission] since the establishment of a national bank necessitates the presence of a founding committee from civilians⁵ as well as merchants of wealth and status so that the project would gain public confidence.

[4. Only Large Banks Can Liberate the Country from Foreign Influence]

Second, [the criterion I specified above also means that] every project which is incapable of pursuing the same end as my project, namely the liberation of the country from the influence of foreigners, should be excluded. This would be the

⁴ If this statement is read on its own, it would be interpreted as a call from Shumayyil to the competitors to convert their bank into a joint-stock bank. If read with other parts of this letter, on the other hand, it becomes unclear whether Shumayyil was inviting the sponsors of the other project to join his own project, or to simply follow its model of a large joint-stock bank rather than a private bank. Towards the end (paragraph 8), where Shumayyil calls for focusing all efforts on founding one large bank, it becomes clear that he meant the former.

⁵ This is another ambiguous statement. The text uses the expression "*min madaniyin wa tujjār*." Why use "civilians" instead of "nationals" or citizens? or does "*madaniyin*" here refer to people from urban centres? Why particularly mention "merchants"? is this an attempt to emphasize their role viz-a-viz landowners?

case for any project whose capital is two or three million [pounds] for instance. This capital would have been enough for promoting agriculture or commerce, if the purpose of that project was merely to advance funds to these activities at a just interest rate. But we are moving in a different context, within which we have to support the [country's] finances and liberate [her] politics [viz. political decisions] [in a way] which would reduce the country's burden and assist her in performing her responsibilities. There is an inevitable need in this respect for a bank of substantial means that is capable of collecting government bonds and restoring public confidence, as well as financing commerce and agriculture, managing the overall [financial] affairs of the country and of handling every financial trouble. Otherwise, it would be like pouring a small quantity of water over a magnificent fire, which would increase the blast rather than extinguish it. My proposal, apart from enjoying this advantage [of large capital] by having a nominal capital of [LE] 14 million, makes the payment of capital in installments subject to need and choice. If it suffices to have half or one-third or one-quarter of that amount, the balance would not be called. This is a precious element of freedom [viz. flexibility], beneficial for both the receipt and payment [of funds].

[5. Feasibility of Raising Large Capital]⁶

There may be doubts about the feasibility of my proposal. I would answer these doubts by arguing that feasibility centres around confidence, which depends on fulfilling specific conditions. It depends, first, on the status of the members of the founding committee. The more wealth, energy, integrity and knowledge those founding members have, the more they will inspire confidence. Second, confidence also depends on the [bank's] regulations and privileges, its connections with the government, and the management and maintenance of these connections in a way that preserves the bank's rights.⁷ Nothing would safeguard those rights like mutual benefits between the government and the bank. For this purpose, my project contained provisions which would guarantee for the government LE 300,000 annual profit for it to use in extinguishing some [LE] 600,000 of its bonds, at no cost or exchange⁸ to the bank or to the country, while honouring its signature and

⁶ There is no paragraph break at this point of the original text.

⁷ The text uses "*ḥuqūq*," which I translated as rights. Alternatively, this may be understood as *maṣāliḥ* or interests.

⁸ The text uses "*kulfah aw badal*." I translated the first term as cost, and the second as exchange. It is unclear, however, what is meant by the latter term.

paper [viz. bonds]. This would induce the government to protect the bank and safeguard its regulations out of concern for its own interest. Finally, confidence will depend on the type of activities of the bank. If the bank's funds are advanced to unrisky, guaranteed, profitable, and stable [business], a matter which would save the country some LE 6,000,000 annually,⁹ there would be no reason to withhold from subscribing in it. Contrariwise, the bank would then attract those who possess unused capital, like widows, orphans and anyone who may have a smaller or larger excess [and] idle amount. The bank's vault would be filled and the funds would be advanced to farmers, merchants and others who need financial assistance [viz. service]. This would be repaid by them at a profit which would then be redistributed to them [as dividends] and a common benefit would thus be realized.

[6. Success Promised if the Specified Conditions Are Fulfilled]

To sum up, if the bank's founding committee is composed of individuals of status and consideration and if the bank's regulations are tightly designed, properly observed, and politically protected, and if the bank's operations are profitable and stable, and its [paid] capital sufficient and adequate[--]which is possible and feasible[--]then people will have confidence in the bank and will come to it from all ends. Commerce alone would then carry it¹⁰ and it would be oversubscribed several times, with the result that the price of its shares would increase before these shares are issued.¹¹ Verily, I am afraid that confidence may grow to the point where the farmer may not obtain any shares, which is something we want to avoid.

[7. European Experience Proves the Importance of Banks]¹²

Whoever reads the history of Europe before the establishment of its financial institutions¹³ will find that it was in a worse condition than us. Its affairs were not

⁹ The background to this statement cannot be clear without the availability of the project's detailed study.

¹⁰ This is the way the text puts it, but the meaning is vague. It could mean that the bank would be fully subscribed by men of commerce, which is consistent with the statement which follows immediately about the possible failure of peasants to obtain shares. Alternatively, it may be another way of saying that once capital is raised, the bank's success will depend on its commercial operations.

¹¹ The text uses the expression "*qabla tashīmiḥā*," i.e. before the shares are issued and are available for exchange.

¹² There is no paragraph break at this point of the original text.

¹³ The text uses the expression "*al-ḥawāfiẓ al-mālīyah*," which in today's usage would literally be financial portfolios.

straightened out, its commerce did not grow, and its countries did not get stronger except after the establishment of those banks.

[8. Urging Immediate Action]

Let the Eastern sense of resilience¹⁴ move us like the people of the West, and let us abandon negligence and despair if only once since this is a time for people of initiative. Let our Heads lead us and form from themselves a founding committee of honourable people that would bring this project out from the world of capability to the world of action. Time is [of] gold, and cannot be claimed back if it passed; and opportunities may be lost by negligent people.

[9. Seeking Support of Writers and Politicians]

This is my own view, I the humble person. I offer it to them [viz. those in charge] to assist in this matter, notwithstanding all my humbleness, without asking for a reward or compensation and without boasting about those views. It is sufficient for me that this [opinion] would produce an enduring and lasting effect. I plead for the support of men of the pen and of government, if they see in my project any good. May God have mercy on whoever responds to the need of his country and strives for its good. Those are the winners.

Amīn Shumayyil

¹⁴ The text uses the expression "*al-nakhwatu al-sharqīyah*."

Appendix VI

"Inmā' al-Māl": Text and Notes

There is only limited mention of "Inmā' al-Māl" in contemporary accounts, most of which focused on the immediate political struggle rather than on endeavors of economic nature. Significantly, "Inmā' al-Māl" was reproduced in full and identical versions in two important sources which have an economic bent in them, Salīm al-Naqqāsh's *Miṣr lil-Miṣriyyin* (1884) and Tal'at Ḥarb's *Ilāj Miṣr al-Iqtisādī* (1911). There is also limited mention of this *manshūr* in scholarly works. There are extensive quotations but a very limited discussion of it in two works by 'Abd al-'Azīm Ramaḍān. 'Alī 'Abd al-Rasūl quotes the text in full, with hardly any discussion. Both Ramaḍān and 'Abd al-Rasūl cite Ḥarb as their source. There is only cursory allusion to this document in one more work by Laṭīfah Sālim, who cites *al-Tijārah*, and seems to be the only scholar who viewed "Inmā' al-Māl" as originally published.¹ Apart from this, this *manshūr* or communiqué is not mentioned at all in other consulted scholarly writings which discussed the period 1876-1882, whether these adopted a comprehensive social history approach, or were devoted more to studying political history, economic history (including banking history), or intellectual history.²

"Inmā' al-Māl" [Translation]³

[1. God Blesses the Nurturing of Wealth]

God in his highness did not create any of His creatures except to bear fruit (*yuthmir*) and to be useful[.] God does not approve of leaving His gifts buried in the ground without bearing fruit[.] verily[.] what He approves of is the cultivation of His gifts to the individual (*yustathmar*) so that they would grow and benefit the

¹ Sālim, p. 134 citing *al-Tijārah*, 15/4/1879; 'Abd al-Rasūl, pp. 18-25, citing Ḥarb; Ramaḍān, "Niṣf," pp. 175-178. Ramaḍān gives an almost identical treatment in another work published five years later, where he cites Ḥarb. See Ramaḍān, *Ṣirā'*, pp. 87-90.

² These include the works by Ḥamid, 'Abd al-Ḥakīm, Barakāt, Cole, 'Isā, Mutawallī, al-Rāfi'i, Schölch, Rothstein, Abu-Lughod, al-Jiritlī, Luḥaīṭah, al-Ḥittah, Rif'at, Forte and Guémard, all of which were cited earlier. They also include additional works like Lūwīs 'Awaḍ, *Tārīkh al-Fikr al-Miṣrī al-Ḥadīth min 'Aṣr Ismā'il ilā Thawrat 1919* (Cairo, 1980) and Hesham Sharabi, "The Transformation of Ideology in the Arab World," *Middle East Journal* 19 (1965).

³ As published in al-Naqqāsh, vol. 6, pp. 134-139 and Ḥarb, pp. 22-30.

public[.] As people endeavour to nurture what they are gifted with[.] the fruits (*al-thamar*)⁴ would surely yield [private material] gain (*naf*)⁵ to their owner and God's contentment to the public[.] so He would increase their wealth and would put more riches in their hands.

[2. Cooperation as the Foundation of Societies]

People on this earth[.] notwithstanding their various kinship relations and kinds[.] act in collaboration and combination (*mutakāfilūn mutaḍāminūn*)[.] They are all commanded to work together and to cooperate (*mā'mūrūn bi-al-'amal wa-al-ta'āwūn*) in what they do[.] the rich furnishes the poor with his wealth [as capital], and the landowner hires the landless [as a labourer] in his agriculture[.] Science guides all in using that wealth and in cultivating (*istithmār*) that land[.] the mother of wealth (*al-arḍ um al-khayrāt*)[.] in the proper way. Had it not been for that cooperation (*al-ta'āwun*)[.] mankind would not have reaped from his labour or from his wealth or from the earth that the Creator extended under his hands more than what various living creatures obtain from hunting with their own claws or what the land yields to them coincidentally.

[3. Cooperation and Material Satisfaction]

Don't you see that the people of the central parts of our continent[.] notwithstanding the fertility of their soil and the abundance of minerals in their lands[.] can barely reap from the riches with which God endowed them enough food for their following day because of their repulsion of each other[.] their separation[.] and their ignorance of the benefit of cooperation and of the power of unity (*manfa'at al-ta'āwun wa qūwat al-ittiḥād*)[?] Don't you see that other nations who are far from that primitive state [of central Africa] and others who have approached civil perfection⁶ are as yet far from the state of [material] satisfaction[?] Verily[.] don't you see many of the Eastern nations of old[.] well established civilizations in need for the West in anything that goes beyond the natural produce of land[.] from the

⁴ Note the word "*yuthmir*" or "to bear fruit" and its derivatives "*yustathmar*" and "*thamar*," which are used here to describe the extraction of a physical outcome ("thamar" or fruit) from economic endeavours. In our present day usage, the word "*istithmār*," which generically means the application of human effort to a given resource for the purpose of extracting a fruit, is the term used for "investment."

⁵ The word *naf*, which I translated to "[private material] gain," may be equivalent in our present day usage to the term "profit."

⁶ The text uses the expression "*al-kamāl al-tamaddunī*." Clearly, "*Inmā' al-Māl*" makes a distinction here between civil perfection and material satisfaction, although the terms of this distinction is unclear.

most complex to the simplest products[?] They seek assistance to make a machine for ploughing the land and to procure a needle for personal sewing as a result of sending their crops in the raw state (*al-hālah al-fiṭriyah*) at minimal prices and getting them back in a transformed form in the manufactured[,] decorated[,] civilized state and consequently at multiple prices.

[4. Economic Cooperation and Creativity: East versus West]

God has privileged the East with the most fertile soil and the most precious mineral[s][.] There are many rich [people] of substantial incomes and abundant monies in there[.] Its peoples[,] however[,] were not guided to the most proper ways for cultivating (*istithmār*) and nurturing their countries' wealth (*inmā'ihā*)[.] You find them confined in their commerce to what their ancient ancestors practiced[,] separated in their enterprises as if they fear that profits (*al-barakah*) would evaporate in compan[ies], in spite of the gains (*barakāt*) from joining up in business (*al-ishtirāk fī al-a'māl*) that was demonstrated to them in the peoples of the West[,] who bewildered the inhabited lands (*dawwakhū al-maskūnah*) and opened up vast regions with their commercial companies[.]⁷ [They] were so creative in founding and diversifying such companies to the extent of creating commercial companies[,] industrial companies[,] and financial companies or banks[,] which are the subject-matter of this statement[.]

[5. The Vitality of Banking to All Business Activities]

It is evident that banking is the link between various kinds of companies[,] commerce[,] and crafts and is the inevitable intermediary between [idle] capital and the gain[ful use] of it[.] Without banking[,] a large proportion of the world's wealth would remain neglected without cultivation[.] Suppose that an owner of [some] vast property which yields a rent in excess of his needs has the habit of using that excess to buy new property[,] and that it so happened in a certain year that he could not find a piece of land suitable for purchase[,] what would he do with the excess cash if there was no trustworthy bank where he can keep his money as a fruitful deposit[,] which would remain available at his demand and subject to his instructions once he needs it[?] And suppose[,] on the other hand[,] that another property-owner or merchant or craftsman had a need for a sum of money for a specific term[,] how would he procure the funds if there was no bank that would

⁷ The text repeats commercial companies in both places

lend him on conditions suiting his interests[?] [If] such a person in need knew of the excess available with the [first] property owner[,] he would request it from him by way of a loan[.] But who would ensure that that person of abundance would trust him for his money or would agree with him on the terms[?] The bank is[,] hence[,] the closer intermediary between both because it accepts the money of the former and lends it to the latter at terms agreeable to each of them[.] And since the bank is liable for the creditor's money[,] it is careful not to pay it out except to the trustworthy of people[.] This is an obvious primary advantage of banking[,] and is the basis for measuring all transactions between merchants and craftsmen [on the one hand] and capital owners [on the other] [.] It is evident from this example that the establishment of banks was a blessing for the people(*rahmatan lil-nās*) and a major factor of facilitating their dealings and of making their prosperity possible.

[6. Banking and National Economic Power]

As for public interests[,] the advantages of banking are too evident to require any verification. Those interests require financial means and administrative capacities that individuals can not afford [separately.] By my life[,] if banks were omitted from European countries all these countries would become like a bird with a broken wing[,] or an unarmed soldier[,] or a horseman with amputated legs[.] The power which made them possess the seas and the deserts and control the world's commerce and which made it imminent for all [business] interests contracted anywhere in the world to pass in their hands would be gone[.] If we look to the status of each of the European countries separately[,] we find that each of them maintains the independence of its important banking institutions[.] The most independent with their banks are the happiest of them[.] They enjoy the most extensive commerce[,] the most successful industry[,] the strongest influence[,] and the most forceful authority because capital is the basis of enterprise (*al-māl asās al-a'māl*)[.] If it is not within your hands[,] you lose access to it at the time you need it most[.]

[7. The Threat of Land Loss to Foreigners]

Our condition is a fair testimony to the validity of the preceding [argument][.] If we had an autonomous financial power[,] we would have been able to recover vital interests which sadly remain impaired [by way of mortgage] to foreigners[.] We all fear the loss [of those interests and] long to the day of regaining[them.] None of

us[,] [however,] is capable of bringing that day forward on his own by one hour[.] But if we act collectively[,] the achievement of that end would be subject to our determination[.] What holds us[, then,] from making the effort if rescuing our land costs nothing more than getting together and cooperating (*al-ijtimā' wa-al-ta'āwun*) to establish financial companies that could achieve [ends] which individuals cannot achieve[?] Should we wait while most of our soils are mortgaged to foreigners until that day when these are sold at the cheapest prices while their owners are watching without getting support from their brothers to keep their property [?]

[8. Resolution to Establish "al-Bank al-Waṭanī al-Miṣrī"]

God forbids it[.] We will not accept this while we have amongst us zealous [people] who would sacrifice their personal interests for the public good[,] and would spend generously to achieve such [public] ends[.] Verily[,] we did not accept it[.] We have seen that the body of our enlightened and elites were exploring ways for salvation until God guided them to establishing a national financial company[.] This was proposed to them by some leading merchants[,] so they enthusiastically received it and moved resolutely towards materializing it[.] It will come to existence shortly[,] adorned with a noble name[,] adopted as a good omen[:] verily it is[:]

al-Bank al-Waṭanī al-Miṣrī

around which thoughts have often revolved and for which souls have longed[.] All our national newspapers had alluded to that idea and praised those promoting it[,] and called upon people to support them[.] Subsequently[,] they carried to us the good news that the idea secured the support of the elites of the country's enlightened people (*khāṣṣat nubahā' al-waṭan*)[,] the most notable of the country's notables (*'uyūn a'yāniḥ*) and a large number of the most notable of our delegates (*a'yan nūwābinā*) and of our prominent men[.] The bank has been the subject of memoranda and correspondence between⁸ many of the higher authorities and none of them was but concurring[,] supportive[,] and wishing for success. No objection whatsoever was expressed by [our] countrymen because they are certain that it will

⁸ The text uses the proposition "*bayna*" We may understand from this that the bank was a subject of separate communication between senior officials, and not necessarily between them and the sponsors of "*Inmā' al-Māl*." In the latter case, the proposition "*ma'a*" or with would have been more appropriate.

all be beneficial[,] and are confident that the public interest will be fulfilled through it.

[9. Conformity with Shari'ah]

Someone may protest thinking that the bank would contradict with the regulations of the sacred law on the grounds that it would inevitably involve usury in its dealings[.] [Such a person] may tempt people to believe that countrymen's support could not go beyond lip-service because most of them are religiously forbidden from usury[.] We reassure the protester and eliminate [such] illusions[.] The sacred Shari'ah has but forbidden pure usury (*al-ribā' al-mahḍ*)[,], which is not a necessary condition for the existence of our bank[.] On the contrary[,], our bank will do without it because it will be established for the purpose of serving national interests with sincerity and trust and in conformity with the religious doctrines of the country[.] [The bank's] activities will be lending and commission-earning from buying and selling on the account of its customers[,], all of which are activities whose profits are generated from [commercial] transactions and are admissible by Shari'ah[.] The [legal] position of partners to such [transactions] is that of partners in *muḍārabah* [i.e. speculation] [emphasis mine] which is a lawful partnership by the consensus of schools of law[.] Besides[,], commercial transactions which involve lending by way of *murābaḥah* are old established and are abundantly explained in references on Islamic law[.] An example [of transactions] which were considered admissible by al-Khaṣṣāf is

[when] that party from whom the transaction is requested sells [to] that making the request" [sic] a garment worth twenty *dinārs* for a price of forty[,], then lends him another sixty *dinārs* [,] [this] would bring the indebtedness of the latter to the former to a total of one hundred *dinārs* [,] although his total receipts were only eighty[.] This is the school of thought of Muḥammad ibn Salmah[,], the Imām of Balkh[,], Shams al-A'immaḥ al-Ḥalawānī[,], as well[,], used to issue opinions in accordance with the opinion of al-Khaṣṣāf[,], and he used to argue ["]this is not a loan which generated profit[,], but it is a sale which generated profit" (Ibn 'Ābidīn[,], *Radd al-Miḥtār 'alā al-durr al-Mukhtār*[,], volume 4[,], page 175) [sic.]

[Furthermore], a passage is found on page 171 of the same volume in the chapter titled ([“]if the debtor repaid the debt or died before the maturity date the amount taken by way of *murābaḥah* should only be that part proportional to the elapsed period[”])[,] quoted from al-Qunayh in the name of Najm al-Dīn[.]⁹ [It] reads as follows[:]

according to the later [jurists,] [if] the debtor repaid the debt before maturity or [if he] died and the debt was taken from his inheritance[,], the amount paid on the account of the negotiated *murābaḥah* should be proportional to the elapsed number of days. He (i.e. Najm al-Dīn) [sic] was asked if this was also his opinion. He replied that it was[,], and added [that] if the creditor took the loan and *al-murābaḥah* before the maturity date[,], the debtor has the right to retrieve that proportion pertaining to the remaining days. END [sic] The commentator mentioned at the end of the book that this was [also] the opinion of Abū al-Su‘ūd[,], the late mufti of the *rūm*[,], who justified it on the grounds of sympathy between both parties[,]. I add that such was the opinion of al-Ḥānūtī and others[,]. And in the Ḥāmidīyah opinions[,],¹⁰ he was asked if ‘Amr was indebted to Zayd by an identified amount of debt and the latter charged the former a specific *murābaḥah* due at the end of a year[,], then ‘Amr died twenty days later and the loan became immediately repayable and was paid to Zayd by the heir[s,], would any part of *al-murābaḥah* be paid or not[?]. The answer of the later [jurists] was that nothing would be taken from the *murābaḥah* which was the basis of their transaction except an amount proportional to the elapsing days[,]. The knowledgeable Najm al-Dīn was asked whether he would issue his opinions accordingly[,], and he said he would[,]. The knowledgeable of the *rūm* our master Abū al-Su‘ūd has issued his opinions similarly.

⁹ The text uses the expression “*bi-ramzi Najm al-Dīn*.” The expression “the elapsed period” probably means the period between the date of indebtedness and the early repayment or death.

¹⁰ *al-Fatāwā al-Ḥāmidīyah*.

Whoever reflects on these quotations (*al-nuqūl*) would find that they closely apply to the perceived dealings of al-Bank al-Waṭanī and would verify that the profits of the [proposed] bank are religiously lawful. It is well known that commercial transactions involving lending by way of *murābaḥah* had reached excessive rates of reportedly thirty and fourty percent during the reign of the beloved Sulṭān Sulaymān[.] As a result [.] the imperial edict was issued in accordance with the opinions of our master the grand jurist Abū al-Sa'ūd that the repayment value of a loan of ten [units] should not exceed eleven and a half as mentioned by Ibn 'Ābidīn (volume 4 page 175)[.]

[10. The Rescue of Peasants from Usurious Practices]

The profits of the [proposed] bank will not reach the limit specified in references on Islamic law (fifteen percent)[.] Indeed[.] it may not [even] exceed half of this [rate][.] This is so because the prime concern of the bank is the public good and the alleviation of the peasant's sufferings by rescuing him from the unfairness of usurers who enjoy the sweat of his brow and the riches of his lands[.] and seize these as a cold booty by lending him at usurious rates of thirty and fourty percent [per annum.] and more than that in many instances[.] against the mortgage of his land[.] When the date of repaying the loan falls due[.] and after their greedy appetite is satisfied by that sinful usury[.] they force him to sell his land to them at whatever price they like[.] and the peasant complies with this helplessly after being overburdened by usury[.] which drags him to the ground and blocks doors of hope in his face. Whoever looks to this miserable status which the peasant[--]who is the life and backbone of the country[--]has reached[.] would ascertain that if this prevailed for a few [more] years[.] the ownership of the Egyptian lands or of most of it would be transferred to foreigners[.] and Egypt's son[.] God forbids[.] would become an agricultural labourer on his and his ancestors' own land.

[11. The Bank as a Demonstration of the Revival of Egypt]

But there are no more grounds for [fearing] such outcome after public subscription for al-Bank al-Waṭanī al-Miṣrī starts[.] The bank[.] God willing[.] will be founded shortly[.] This will please some souls and depress others[.] Those who will be depressed are none but those whose souls are full of hatred[.] They want to deceive [our] countrymen and frustrate their efforts so that they can continue to impose their

excessive usury on those citizens who need loans because they know that if al-Bank al-Waṭanī al-Miṣrī is established[,] national business will be switched to it and they will be deprived from their excessive usury[.] We have seen them making unfounded claims that we are incapable of cooperating whether to avoid harm or to realize gain[,] accusing us of incompetence of establishing a national bank that would save our country from the sufferings caused by foreigners[,] [and basing these accusations] on the pretext of [alleged] ignorance[,] weakness[,] and poverty[.] The nationals will cut their tongues with a sharp sword which they will experience themselves and will prove to them that the nation which had been the origin of civilization and the educator of the world since time immemorial cannot be accused of ignorance after it has risen to retrieve its previous glory and has covered in a few years[,] towards the cause of civilization[,] a distance which no other nation has achieved in generations[.] [The nationals will prove] that the lands which endured the inequity inflicted by the Mamlūks and by Umarā' al-Ghuzz and then conquered all of them[,] and which sustained the costs of wars and reforms undertaken by the beloved Muḥammad 'Alī Pasha[,] the first khedive of Egypt[,]¹¹ and which was not destroyed by taxes and various excessive payments of the previous days[,] [that nation] should not be accused of weakness and of poverty.

[12. The Necessity of Public Subscription]

But the responsibility of establishing our bank cannot be the obligation of an individual or even a few individuals of the nation[.] It is rather the obligation of all the nation to unite and cooperate (*nattaḥid wa nata'āwan*) to found it[,] starting from the servant who would purchase one share to the rich master who would subscribe by the thousands[.] This is an advantage that would distinguish the bank from all other banks and would guarantee its complete success[,] because all countrymen will endeavor for that success and mobilize their efforts to attract people to the bank[.] All people will[,] no doubt[,] prefer it over any other bank because it is from them and for them[:] it will deal with them in their own tongue[,] and will treat their business with the same care they devote to it[.]

¹¹ The title Khedive was first given to Ismā'īl (1863-1879) in 1867. al-Rāfi'i, 'Aṣr Ismā'īl, vol. 2, p. 33. Prior to this date, Muḥammad 'Alī and his ruling descendants carried the title of Wālī (governor).

[13. The National Bank and Economic Salvation]

Furthermore[,] the bank will benefit the country in serious matters[,] and will enable countrymen to rescue many of the country's interests like the Domain and Saniyah lands from foreigners' hands[.] The initiation of efforts to establish the bank coincides with the rise of the country's enlightened and the mobilization of most of their efforts for this task. They have all ascertained that a national bank is the only intermediary that will enable them to accomplish their aspirations[,] since the existence of a trustworthy guarantor is inevitable should those interests be extracted from the hands of foreigners. This guarantee can only be fulfilled by al-Bank al-Waṭanī[.] Countrymen should hurry and compete with the bank's founders in subscribing for it and in participating in it.

[14. The National Bank as a Profitable Project]

We have frequently read in the national newspapers that the country will not bear the existing unfairness[,] and that it will undoubtedly rise to end it[.] We are confident that the newspapers were reflecting the aspirations of all countrymen by such statements[.] It is evident[,] however[,] that we are addressing a cause of purely material nature[,] in which tangible money is the only thing that counts[.] And[,] if money is not spent in this way[,] what would the use of saving it be[?] But there will not be a depletion of savings because the bank's capital will be commercially employed in a profitable manner for its owners and will generate public benefits for the country[,] namely salvation from financial enslavement to foreigners[,] relative to which private gains become a secondary matter[.] This is not far fetched because effort and perseverance guarantee the materialization of hope[,] and power is in unity (*al-qūwah fī al-ittiḥād*)[.]

[15. The Significance of the East India Company]

Whoever remembers that the British possessions in India[--]whose border-lines circumvent half of the globe and is among the world's most fertile and most populated territories[--]were joined to the British dominions by the efforts of a company established at the beginning of the eighteenth century and initially capitalized at 30,000 pounds[,] would ascertain the validity of the argument made in this treatise regarding the benefits of incorporation (*al-ishtirāk*) and that the power of capital is through business (*qūwat al-māl fī al-a'māl*).

[16. Conclusion: A Call to All the Nation]

We hope that this example suffices to incite the will-power of whoever remains in abstention from serving his country[,] ignoring the power of unity[.] [May] it motivate everyone to support the establishment of al-Bank al-Waṭanī and to collaborate in founding it[.] There can be no progress for the homeland without liberating the peasant from the injustice of usurers[,] and there can be no might or freedom for the state without extracting its interests from foreigners' hands[.] Both ends will not be achieved except by opening the treasury of al-Bank al-Waṭanī al-Miṣrī[.] Therefore, the princes, elites and the wealthy people of the country, and all those who care for its interests[,] are called upon to immediately follow the example of their good brothers who initiated the subscription[,] and to collaborate in establishing al-Bank al-Waṭanī al-Miṣrī[.] Time is of gold[,] and cannot be retrieved if it elapsed[,] and God awards success to whoever seeks His blessings and reward.

الحرب الأهلية في مصر

في مصر، حيث كانت مصر تحت الحكم البريطاني، كانت هناك حرب أهلية بين الملك فاروق الأول والبرلمان. بدأت الحرب في عام 1936 عندما أعلن الملك فاروق الأول أن مصر أصبحت دولة مستقلة. هذا الإعلان كان بمثابة تحدي للبرلمان، الذي كان يسيطر على مصر منذ عام 1922. في عام 1936، أعلن الملك فاروق الأول أن مصر أصبحت دولة مستقلة، وأنه سيقوم بإصلاحات دستورية. هذا الإعلان كان بمثابة تحدي للبرلمان، الذي كان يسيطر على مصر منذ عام 1922. في عام 1936، أعلن الملك فاروق الأول أن مصر أصبحت دولة مستقلة، وأنه سيقوم بإصلاحات دستورية. هذا الإعلان كان بمثابة تحدي للبرلمان، الذي كان يسيطر على مصر منذ عام 1922.

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خواتم مختلف

المصلحة بلزوم انتفاء هذا البتة ولن يبرح في سرقة المبيعات الشرعية التي لا تبع من انتفاء واتخاذ وسيلة على لاحيا. هذه الدمار ودفع الكرب عنها وخدمة المصالح الوطنية بالامانة والصدق على منفعي قرياتها وشرائها وانما للناقد عنت في هذا الفصل صورة المصور الذي صدر قبل المحدثات العربية في شأن انتفاء البتة الوطني لكون في هذا التاريخ اثرًا من آثار المصاعف الوطنية السابقة عسى ان تنسب عليه في المستقبل فائدة ينظها المصروع وتبقى الامة

اما المصور هذه في صورته وقد جهاد بهن

انتفاء المال

ما اوجد الله جل جلاله من مخلوقاته شيئاً الا ليبر ويهدى وما يرضي الله ان تدفن مراحه في الارض ولا تسلي لثراً بل يرضيه ان ساعاه الفرد يستقر فينبو ويهدى الحاجة لكفا من عباد الله في انتظار ما وصف ليمود ذلك الغير بالنفع على صاحب وعلى الجمهور رضي الله عنهم وزادهم خيراً وادفع الرزق بين ايديهم. والناس في ملك الارض على اختلاف انسابهم وانما هم متكاملون متفاضلون مأمورون جميعاً بالعمل والامانة في ما يعملون به القوي منهم القوي بالوفاة صاحب الارض يستخدم المخدم في رواته والعميل الجميع في استخدام ذلك المال واستثمار تلك الارض ام المهورات بالطريق القسط والسيل القويم . ولولا هذا الصارون ما استعاد الانسان من عمله ولا من ماله ولا من الارض التي بسطها الخالق بين يديه اكثر ما

يستند سائر المخلوقات الهمة ما قص حالهم وما نهت لم الارض انتفاءً وحقاً . ألا ترى سكان الارض قاربتا مع حسب تربتهم ودورا الماعن في ارضهم لا يكادون يحثون من طبقات ما رزقهم الله ما يدخرون من طعام عدم بسبب تناهم وانفرادهم وحملهم شعبة الصاوير وفي الاصل لا ترى انما لهم ابد منهم عن حالة المخرقة وشرباً اخرى فارتب الكمال القدي وجميعهم لا يزالون يهدون عن حالة القبط بل ألا ترى كثيراً من الشعوب الشرقية القدي الذين الرابطة القدم في الحضارة منتفع الى الغرب في كل ما خرج عن لمر الارض الطيبة من اعظم الاعمال الى اخرها لتستوي بولسب الآخرة بها الارض وبالجلب ايرة عياط بها للصالح القوية لاجل اريال حاصلات ارضها على امالة التطرية باجس الامال وبسرهاها مبنية الهمة على امالة الاصطناعية بزعزعة الشكل على الصورة القديبة معاضة التي مرات عديدة من اجل ذلك . والشرق قد عصه الله باخصب تربة والنس مدن وفيكون من الاغنياء اصحاب الرزق الواح والنفوذ الفارة ولكن اهله لم يهدوا القوم السبل لاستثمار ثروته ببلاد ولانها اندام متصرفون من الخارج على ما ساطع ايجادهم الاقدسون متفردين في اعالم كآتهم يعيشون ان تلهو البركة في الشركة مع ما ظهر لم من مركات الانتزاع في الاعمال عند اهل الغرب الذين دوروا المسكونة فيصالح الامان بالارضة بمركتهم التجارية وقد تشبها في انتائها وقربها لها فتن لعلها منها البركات التجارية والبركات الصناعية

والبركات المادية اي البركة وهي المراد في هذا الكلام ولا يخفى ان البركة هي الصلة بين سائر انواع البركات والخاير والصانع وهي الوصلة الذي لا بد من بين المال ونسفته وبدونها يهل جز كبير من ثروة العالم بلا انتظار لانك اذا فرضت ان رجلاً صاحب املاك واسعة يزيد ربحها عن حاجتها من عاده ان يستخدم هذه الزيادة في شراء املاك جديدة فالحق لنا في احدى السنين لم يدارها بلاته متفرها فاذا ينقل في القدي الزائد عن حاجته ان لم يكن هناك بنك امون يعمل ماله فيه ودنية ملحق نقي تحت طلبه وروية امره ايمان احتاجها لم اذا فرضت من جهة ثانية مالكا اخر او تاجر او عمدتاً اقتضت مصلحة ملحقا من القود الى اجل محدود فا حوله الى الدرهم ان لم يكن هناك بنك يقرض حاجته على شروط تلائم مصلحته . لو عرف هذا الطالب ان عند ذلك المالك ملحقاً زائداً عن حاجته لافقه من على صفة القرض ولكن من يقن له ان ذلك المورس بانته على ماله فانه يرائفنا على الاجل فالبك اذا هو الوسيط الاقرب بين الاثني لا يبل مال الاول وسلف الثاني الى اجل فرائق كلاً منها ومن حيث كونه مطافاً بال الدائن فهو يحرص عليه ولا يدفعه الا من كان من ثقات الناس وملك فائدة من فرائد البركة الاولى تظهر بدامة وعليها تقاس جميع المعاملات بين التجار واصحاب الصانع وارباب الاموال وسها يستدل ان انتفاء البركة كان رحمة للناس وسبباً كبيراً لتسهيل انعامهم وتكفيف رافهم . ولما في المصالح

العوية المصروفة فائدة البركة او من ان تحتاج الى دليل لان تلك المصالح نظرم مقدرة ماله وتديرها ادارياً لا يتوى عليها افراد ولهمري لو حذفت البركة من بلاد الانغز لاسلوا جميع كالمطرح متصوص المباح او كالمجدي الاعزل او كالفاروس مقطوع الساتون ولزالت كل تلك التي التي ملكهم المجر والتجار وجعلت تجارة الدنيا طريح ارم دارجت ان جميع المصالح التي تنفي على البسيطة بمر بابهم فاذا نظرنا الى حال كل مملكة من المالك الاوربية على حدها تجد ان كلاً منها مسئلة بيوتها الهمة وان اسد تلك الامالك وابسها تجارة وانجها صناعة وانجها كلة واندموا لعلها في ابدما استغلا بيوتها لان المال اساس الاعمال فان لم يكن بحيث تناله بذك فانك عند اندك حاجتك اليه ومذه حاننا شاهد عدل على محبة ماقدنا فلو كان في يدنا ثروة ماله فانية لانكنا ان ننفرد بها مصالح عزيزة لدينا يجوزنا ان نتيق مضغمة بة يد الاجانب وكنا نلظر اليها ملحقاً على قندما متوقفاً الى يوم ردها وما لينا من بقدر متوقفاً ان بقدم ذلك اليوم ساعة مع اننا لو تبارزنا لكان نزال المرم روموت ارادنا فا الذي بقندا عن السي واناد ارادنا لا كلكنا الا الاجماع والصارون لانتفاء شركات مالية تقي بها لا يستطيعه الا زباد . انتظر ومظم املنا مرمون عد الاجانب الى ان يأتي حين بها منهم بانجس الامان واصحابها ينظرون اليها ولا يحدون من اخراهم سبباً على استيفائها سداد الله ان رضى بذلك وفيها من ذوي

المهية من يتدون الصلحة العموية بمسالمهم
المقصود ويملكون في سبل ذلك الاحمال
الناصرة . بل ما رفسها وقد رأينا جمهور نهائنا
ووجهاتنا متبصرين في سبل الخلاص حتى
مدام الله الى اننا . شركة ماله وطيه عرفها
هلم بعض وجهاء النصار فلتقوما بالبر
والترحاب فاقبل عليها وعقدوا العزم على
اطارما الى القتل وستنظر عا قريبا اننا . الله
مخلية باسم كرم تقاتلنا به غيرا الا ومن

البيك الوطني المصري
الذي طالما حوزت الافكار حواله ونشوت
الانفس اليه وقد ذكرته جميع جرائدنا الوطنية
وانت على الساعين فيه ودعت الناس الى
مشاركتهم ثم بشرنا بتصور تلك المارونة من عامة
نهب الوطن وعموم اعيانه وعدد غير من اعيان
نواب الكرام ورجالنا العلماء وقد جرت في شأن
هذا البيك مذكرات وبراسلات بين كثيرين
من اكابر ارباب المناصب الرئسية وما لهم الا
كل موائف مساعد وداع بالفتح . ولم
يحصل لهذا المروع اي مصادفة من جانب
ابناء الوطن ليقينهم في النفع كل النفع ولوثقتهم
بحصول الفائدة للصلحة العامة على يد . ودي
مستعص يوم يو مخالفة للرئسية الملهمة
بدعوى انه لا بد من دخول الربا . في
مسلاتو ليحاول افعار الناس بان مصادفة ابناء
الوطن لا يمكن ان تجاوز حد الكلام لكون
معظم من حرم الربا . عليهم شركا فحق تطيب
عاطر المستعص وتزبل اليوم مدين ان
الرئسية الملهمة انما حوزت الربا . المصلح وليس
ذلك من ليارد البيك التي لا يعمد بدونها بل

بتكنا متدرة عنه لانه انما قصد من اننا توطئة
المصلح الوطنية بالصدق والامانة وبجسب
شرايع البلاد . وانفاله السلب والعمية من
مع وشرا . لحساب علاقه وجميع هذه . الانشغال
ارباحها ارباح مملكة جائزة شرعا وحكم التشارك
فيها حكم التشارك بالخسارة وهذه الحركة جائزة
شرعا باجماع الفقهاء ثم ان القرض بالربحية
بطريق الماملة جار ملة القدم وذكره مستطاع
في كتب الله ونشاله « ان بيع المطلوب ملة
الماملة من الطالب » نوبا قيت عشرة من
ديارا بارهين ديارا لم يفرضه سين ديارا
اخرى حتى يصير له على المستقر مالة ديار
ولم يحصل للسفر من الا لترون ديارا ذكر
المخالف انه جائز وطا مدسب محمد ابن
سله امام بلج وكان نفس ١٢٧١ الهجري يفتي
بقول المخالف ويقول هذا ليس بفرس جر
منفعة بل فدا مع حر منفعة « ابن عابدين
رد المحتار على الدر المختار الجزء الرابع ص ١٧١
في مطلب (اننا فقهي المديون الدين قبل
حلول الاجل او مالت لا يؤخذ من الربحية
الا بقدر ما مضى) فتلا عن القبه حيث قال
فيها برز نجم الدين ما نصه
« فقهي المديون الدين قبل الحل او
« مالت فاعلم من تركوا ليحارب المخالفين انما
« لا يأخذ من الربحية التي جرت فيها الا
« بقدر ما مضى من الاجل قبل له (اي ليم
« الدين) انتهى و ايضا قال لم قال
ولو اخذ المقرض القرض بالربحية قبل مضى
الاجل للمديون ان يرجع بمكة ما بقي من

« الاجام . اه وذكر الخارج آخر الكتاب انه
« انتهى في الرحم مني الروم ابو السعود
« وعلمه بالرفق من المجانيين فلك ووافق
« المختار وفي غيره وفي الفتاوى الحامدية
« سئل فيما اذا كان فريد بذمة عمرو مبلغ
« «دين معلوم فربحيه عليه الى سنة ثم بعد ذلك
« «بمسترين يوما مات عمرو الديون فحل
« «الدين ودفعه الياث فريد فحل يؤخذ من
« «الربحية نعمي او لا الجواب جواب المخالفين
« «انه لا يؤخذ من الربحية التي جرت بالمائة
« «عليها بينما لا يتدر ما مضى من الاجام
« «قول للسلامة نعيم الدين انتهى به قال نعم
« «كذا في الاثروي والفتوى وافق به علامه
« «الروم مولانا ابو السعود

دست تدبر منه القول وحدهما سطيفة
واي انصافي على الماملة القصودة في البيك
الوطني وتحقق ان ارباحه جائزة شرعا . ولا
يحتج ان القرض بالربحية بطريق الماملة يبلغ
في عهد سكران الجبان السلطان سليمان فئات
فادحة قبل ثلاثين دارهين في المائة فصدر الامر
السلطاني مبينا على معروضات مولانا الفتحي الي
السود بالاعمال على العشرة بآراء من احد
عشر ونصف كما ذكر ابن عابدين (جز . ٤
ص ١٢٥) دارباح البيك لا تبلغ هذا الحد
المقصود عليه في كتب الله (خمسة عشر
في المائة) بل رها لا تجاوز نصفه لان النامية
الاول ملة تنفع البلاد والحقن عن الفلاح
واستدانة من ظلم المرامين الذين يجمعون بمرق
جميعه وخيرات ارضه غنمها باردة وبفرضونا
بالربا . الفاضل ثلاثين دارهين المائة واربد

من ذلك في احيان كثيرة مستعصين ملة الماملة
الى اجمال محدودة حتى اننا ما حل الاجل
دارتوت انفسهم الترفة من ذلك الربا . الحرام
اجبروا على بيع اطمانه منهم باحسن لديهم من
التمن والفلاح يجمعهم الى ذلك كركا لان الربا .
قد اتفقوا كاملة واناء الى الارض وسد في
وجهه باب الرجاء . فمن نظر الى هذه الحال
التيهية التي آل اليها امر الفلاح وهو حيا
النظر وتفرقه ابنه اننا استمرت سين ثقله
تنتقل ملكية الاراضي المصرية او مسطها الى
الاجانب وبشي ابن مصر لا يسع الله اكثرا في
ارضه واراض اجداده . على اننا لم نعمل
للتخوف من تلك العتية بعد سائرة الاكتساب
في البيك الوطني المصري وبشي اننا . عا
قريب اننا . الله نسر به ثروس ونشفي ثروس
وما تنقيش الا ثروس المبشرين الذين يريدون
تفرير ابناء الوطن . وتطيظ منهم ليدس لم
نزال ما ردم وهو استمرار زهر ربام الفاضل
على رقاب المنقرين من ابناء الوطن الى
الاستعراض لانهم علموا انه اذا انتهى البيك
الوطني المصري تحولت ائصال الوطنيين اليه
واستعص عليهم الربا . الفاضل وقد رأينا يترنون
على ابناء الوطن منربات ما انزل الله هاهنا
سلطان وبرونهم بالجور عن المساواة على در
مضرة او جلب منفعة وبالفصل عن اننا .
بيك وطني يتخذ بلادهم من زهر الاجبي لجهلم
وفهمهم وضيق ذات يدم وينتفع الوطنيين
الستم بسيف ماض يئنه لم الفيلان وبرمون
لم ان الامة التي كانت منسا القطن وبهية
العالم منذ القدم لا ترى بالجهل بعد ان

نهضت لاستعادة مجدها السابق واجازت في سبيل العزف في سبيل قليلة مساندة لم يلبها غيرها من الامم في ايجال فان البلاد التي تحملت نظام المالك باراء الفز لم تلبت عليهم جميعاً والبلاد التي ادت ثقات الحروب والاصلاحات التي اجراما ساكن الجنان عمد علي باناء خديو مصر الاول والبلاد التي لم تتوخر انساب الامم السالفة ومشارتها الثالثة على تدبيرها لا يبع ان نهم بالصف وضيقت ذات اليد . على ان يتكا الوطني لا يبرز البهوض يو على نرد ولا على افراد مدودين من الامم باننا يطلب من الامم باجمها ان نحدد ونشاور على انتائو من الحاد الذي باخذنها واحدا الى السيد الذي الذي يترك بالالاف وهذا المرة ترفع هذا البك عن سائر البكوك وتكمل له الفلاح الامم لانها تحمل جميع ابناء الوطن سماء لا يستغيرون الناس اليو ولا شك انهم جميعاً يشارون على سبله لاننا منهم ولم يملهم بسلامهم ويستوي بانسانم مثل اعتنائهم باننا اننا نريد البلاد في الاعمال المتطورة ويكون عقدنا لرجالا على انقاذ كبير من مصالحها كصحة الدويون والدائرة السنية وغيرهما من بد الاجانب وقد راقت مباشرة انتائو وقت بهوض نهاء الوطن وصرف معظم جهدم صوب هذه الجهة وقد تحققت جميعاً ان البك الوطني هو الوسيط الوحيد الذي يلتمهم استيهم لاننا لا بد من خيانة امية لاختلاص تلك المصالح من بد الاجانب وطه الضمانة يودها الا البك الوطني نمل ابناء الوطن جميعاً ان يتسابقوا اليه ويتناصبوا في مساندة

مؤسسيه وشراكتهم فيه . وكثيراً ما فرنا في الجرائد الوطنية ان البلاد لا تطبق هذا الجور وانها ناعقة لرفع يده ولا ريب عندنا ان الجرائد انما ترجمت في ذلك عما يتجلى في صدر جميع ابناء الوطن ولكن لا يتجلى لنا في نظام اعمال مادية عضة لا يند فيها الا الدرهم المين فان لم يتفق الدرهم في هذا السبل نا الثانية من ادخاره على انا ليس هناك ثقة لان رأس مال البك يجر به ويحر المنفعة لاصحابه ويود على البلاد بانواع عوربة لا تذكر المنافع الشخصية في جانبها يعني الا وفي تخلص الوطن من الرق المالي للاجانب وما ذلك بسبر لان الاجهاد والشايرة في العمل كبتلان تحقير الامم والفق في الاتحاد ومن نذكر ان سلطة الاكثريه السنية التي يبلغ خط غورها نصف محيط الكرة الارضية وفي من اخصب بناوع الدنيا واكثرها سكاناً انما اتصلت بك الاكثريه من جهد شركة تجارية انتشت في صدر المائات الثامنة عشرة وعلم ان رأس مالها كان عند النابيس ثلاثين الف جنيه تحققت حمة ما جاء في هذه الرسالة من فوائد الاشتراك ورفق المال في الاعمال ورجازنا ان هذا الحال يكون كائناً لاستيهاض عزبة من لا يزال متفاعلاً عن عدة بلاده متفاعلاً عما في الاتحاد من الفيق وان يكون باننا للجميع على عقد مشرف البك الوطني والخاص على انتائو فانه لا فلاح للوطن بدون تخلص الفلاح من ظلم الميراثين ولا عز للدرلة ولا حرية الا بانقاذ مصالحها من بد الاجانب والفايان لا تدر كان لا يتج خربة البك الوطني المصري نمل ابناء الوطن

ودرجاته وانجياه وكل من مهم نأه ان يتضموا ان ليحيائهم الامائل الذين اختصوا باب الاشتراك وسارعوا سم الى فتح البك الوطني المصري فانز الوقت من ذهب لا يرد اذا ذهب رايه بسلي الفز لمن طلب به واحسانه . اه

فصل

هذا ما قضيه ذلك المنور من مشغيات المنور الذي لم في ذلك الوقت فترساً قبله طوبى يادي عصمة الوركاد ان تم ويظهر الى حيز الوجود المالي لولا ان دم القطر بالكمادات المرابية التي يعلم كل من المصريين ما جاءت به من الصالح حيث رقت في القطر عظام المم وجمعت في اندية البلاد بين سائلي الرتب وذوي القيم ولستوف كلاً في شأن هذا البك وتل بكلي للنصر في هذا المنور ان يصبر باورد في ذلك المنور من ان التريمة الملهمة حرمت الرباء المفض وليس ذلك من لوازم البك التي لا يقوم بدورها بل يتكا متد عن لاننا انما قصد من انتائو عدة المصالح الوطنية بحسب شرائع البلاد وقد جاء ذلك مؤيداً باهص عليه العلماء النهاء

فن كل ما ذكرناه يتضح ان ليس من صوب في انتاء هذا البك الوطني فان التري مؤثرة والبلاد معتدلة والدرع مجز لموسمارين وفيه لطف امور لا تحتاج الى الارادة فانا احسنت نقد المنور وكان متقدماً للاعمال من الفيق

ولا تحصل منه الارادة فبا ترى الا بالشعوب والترغيب والابشاح والتعيم بماسطة قوم بالقرون هذه الناية وانا وجهنا الى حالة القطر نظرة عامة رأيناها لا تقصر عن القيام بانشاء هذا البك فان اسباب الاسرائل الذي ذكرناه رالك وتلاشت فبا يفي من التصور عني وما نند وجري ثم امره وانتمى فاننا لم ينسظ المرفوقون باكان فلوريندا

ثم ان النظام اضعلت والاطيان في حالة من الحسن يتبدى من عهد المهديين وقد تحقت الخيرات والفزع وطلعت آلات الري والقيام التي حصل الامم اعلمها كثيرة لا يحتمل احد تكل ذلك الا بخارجي القصرية التي طلب تخفيضها وهو القتيص الذي لا تكرر حصوله ولكن الدول لا تترافق طوبى وانا اقترضا ان حصل فلا يحددي الاممالي نتماً فان العثوين قرنا التي تخفف عن القدان الزاحد بنيتها الفلاح على قضيه يتدفع اليها بمك حديد في الصدر او حاجة في النفس او في مولد من المالد السنية ومع ذلك نعد لا يستغني عن الاستلاف فاذا انتى هذا البك بالرفه ما يطلب كان اولي من غيره خضوعاً فانه بسلك المال بنائفة بسيرة لا يحصل عليها من البكوك الاخرى

وان ذلك الجانب المفض لا يكون فيها فظن بالثأ حد القبة التي ندرنا ما لا وفي ٢٠ قرنا في كل عدان فان تدبيرها على هذا التي دعاب بها الى حد الناهي الذي لا يظن ان مجازده علاوة ما لربها كانت خسة فردوش ان

Appendix VIII.1

Private Bankers in Joint-Stock Companies, 1880-1881

	Zervudachi	Sinadino	Salvago	Suares	Cattaui	Menasce	Oppenheim
Bank Mīnā al-Baṣāl							
General Co. for Public Works in Egypt							
241 Egyptian Company for Contracting and Public Works Ltd.	x	x	x	x	x	x	x
Egyptian Factory for Sugar Refining					*	x	x
Limited Company for the Irrigation of Buḥayrah Soils	x	x					x
Banque Generale d'Egypte		x		x			
x Founders and Directors							
* Directors only							

Source: *Fihrist al-Awāmir al-'Āliyah 1881*, compilations of 1876-1880 and 1881. For details on each company, see separate exhibits below.

Appendix VIII.2a

Basic Information on Joint-Stock Companies, 1880-1881

Bank Minā al-Baṣāl

Date of Decree	2/12/1880
Duration (years)	4
Headquarters	Alexandria
Branches	
Capital	FF 1,250,000
Shares	2,500
Issued at	500
Founders	Zughaib & Co. Banque Franco-Egyptienne

Purpose	Authorized activities included brokerage & commissioning, advancing credit with or without mortgage, and all other banking and commercial operations.
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Source

Fihrist al-Awāmir al-ʿĀliyah 1881, pp. 355-364

Appendix VIII.2b

Basic Information on Joint-Stock Companies, 1880-1881

al-Sharikah al-'Umūmiyah li-Ijrā' al-Ashghāl fi al-Diyār al-Miṣriyah

(General Co. for Public Works in Egypt)

Date of Decree	3/1/1881
Duration (years)	99
Headquarters	Cairo
Branches	Egypt & Europe
Capital	£ 400,000
Shares	20,000
Issued at	20
Founders	Eduardo Kebrara Anglo-Egyptian Bank

Purpose

The company was established as a general contractor for the dredging of canals and for the construction of roads, dams & workshops, machine installation, etc. It was authorized to advance funds for the completion of any of those works. The company was also authorized to perform all industrial, civil, commercial and banking operations, except those related to the purchase or exploitation of land and buildings in rural areas.

Source

Fihrist al-Awāmir al-'Āliyah 1881, pp. 15-26

Appendix VIII.2c

Basic Information on Joint-Stock Companies, 1880-1881

al-Sharikah al-Musāhamah al-Miṣrīyah li-Ijrā' al-Muqāwalāt wa al-Ashghāl
al-'Umūmiyah

(Egyptian Company for Contracting and Public Works Ltd.)

Date of Decree	3/1/1881
Duration (years)	50
Headquarters	Cairo
Branches	Egypt & Europe
Capital	FF 10,000,000
Shares	20,000
Issued at	500
Founders	Costandi Gorgi Zervudachi Jacques Oppenheim Raphael Suares Bank Menasce & Sons & Co. [Bank] Sinadino Ralli & Co. Bank Salvago & Co. Bank Cattavi & Sons & Co.
Purpose	The company was established as a general contractors for government and individuals. It was authorized to advance credit with or without mortgage and to accept deposits with or without payment of interest. The company was also authorized to perform all industrial, civil, commercial and banking operations, except those related to the purchase or exploitation of land and buildings in rural areas.

Source

Fihrist al-Awāmir al-'Āliyah 1881, pp. 26-40. Besides members from the founding individuals and groups, the board of directors included two merchants, one Engineer and one banker whose names indicate that they were probably Europeans (Immanuel, Henry Parker, Ambroise, Edward Shoot). In addition, the board also included a representative from Crédit Foncier Egyptien (Charles Bayerle).

Basic Information on Joint-Stock Companies, 1880-1881

Sharikat al-Ma'mal al-Miṣrī li-Takrīr al-Sukkar

(Egyptian Factory for Sugar Refining)

Date of Decree 6/4/1881

Duration (years) 50

Headquarters Cairo

Branches

Capital FF 8,000,000

Shares 16,000

Issued at 500

Founders Engineer Delordo Cleon
Bank Soares, Nihman & Co.
Bank Sinadino Ralli & Co.

Purpose The company was established for the refining and sale of domestic and foreign sugar.

Source

Fihrist al-Awāmir al-'Alīyah 1881, pp. 60-72. Besides members from the founding individuals and groups, the board of directors included Jacques Lambroso (a merchant) and Simon Rolo (a banker).

Basic Information on Joint-Stock Companies, 1880-1881

[al-]Sharikah al-Musāhamah li-Ra'i Aṭyān al-Buḥayrah

(Limited Company for the Irrigation of Buḥayrah Soils)

Date of Decree	28/5/1881
Duration (years)	25
Headquarters	Alexandria
Branches	
Capital	£ 120,000
Shares	6,000
Issued at	20
Founders	Edward Alliston, Engineer Mr. Hutt [sic.] Nūbār Pasha Sinadino Ralli & Co. Mr. Zervudachi [sic.] Mr. Oppenheim [sic.]
Purpose	The pumping of water into the Maḥmūdīyah and the Khaṭāṭibah lakes by the use of steam pumps.

Source

Fihrist al-Awāmir al-ʿAlīyah 1881, pp. 87-102

Appendix VIII.2f

Basic Information on Joint-Stock Companies, 1880-1881

al-Bank al-'Umūmī al-Miṣrī

(Banque Generale d' Egypte)

Date of Decree	14/6/1881
Duration (years)	99
Headquarters	Alexandria
Branches	Cairo; any foreign or local location
Capital	FF 60,000,000
Shares	120,000
Issued at	500
Founders	Comptoir D'Escompte de Paris Banque de Paris et des Pays-Bas Société Generale Banque D'Escompte de Paris Sinadino Ralli & Co. Raphael Suares
Purpose	The bank was authorized to perform all financial, commercial and industrial purposes, domestically and abroad.

Source

Fihrist al-Awāmir al-'Āliyah 1881, pp. 107-120

Appendix VIII.2g

Basic Information on Joint-Stock Companies, 1880-1881

Qumbānīyat 'Arabāt al-Umnibus al-Miṣrīyah

(Egyptian Omnibus Cars Company)

Date of Decree 16/7/1881

Duration (years) 10

Headquarters Alexandria

Branches

Capital FF 200,000

Shares 400

Issued at 500

Founders Jacques Polonaki;
Alfred Tricot

Purpose Operation of omnibuses for the use of the public.

Source

Fihrist al-Awāmir al-'Āliyah 1881, pp. 128-138

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