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British Imperialism in Egypt

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" Modern Egypt, 1908 and 1911.
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British Imperialism in Egypt

CHAPTER I

THE FLAG FOLLOWS FINANCE

EARLY in the sixteenth century Egypt was conquered by the Turks, and it remained—nominally—a province of the Turkish Empire until 1914. By the nineteenth century Egyptian subordination to the Sultan of Turkey involved little more than the payment of an annual tribute, fixed in 1873 at £675,000; but in the course of that century a new overlord came to Egypt in the shape of the foreign financier, also demanding tribute, but on an ever-increasing scale.

The first considerable penetration of Egypt by foreign capital took place in the fifties, with the starting of work on the Suez Canal. The concession was granted to De Lesseps, a French subject, and the Suez Canal Company, with a capital of about £8,000,000, was formed in Paris, largely with French money, but the Khedive of Egypt himself subscribed for 176,600 shares out of the total 400,000. Before the Canal was opened in 1869, however, the stoppage of raw cotton supplies from America during the Civil War had provided a fresh incentive for investment in Egypt which was then a very prosperous country. The new Khedive Ismail saw great possibilities of wealth and power in developing Egypt on Western European lines, and he embarked on an ambitious programme

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which included not only heavy expenditure on his court and surroundings, new buildings in Cairo, and the construction of a special road to the Pyramids for the benefit of the European royalties who attended the opening of the Suez Canal, but also immense constructional and productive works. The list of new works completed in the first twelve years of Ismail's reign included :—the construction of the Suez Canal, and of 8400 miles of irrigation canals; over 900 miles of railways and 5000 miles of telegraph; the building of 430 bridges; the Alexandria harbour and the docks at Suez; and the completion of 15 lighthouses and 64 sugar mills. The area of arable land was increased by irrigation from 4 million to nearly 5½ million acres. (*Egypt's Ruin*, p. 34).

Ismail thus continued the development of Egypt's productive resources which had been begun by Mahomet Ali in the first half of the nineteenth century. In the fifty years of British control there has been no such period of development as the twelve years under Ismail.

According to Jenks (*Migration of British Capital*, p. 319) :—

"English engineers now overran the country, full of plans for the extension of progress and civilisation. . . . At Alexandria a firm of English contractors were constructing port works for £2,500,000 which cost them about £1,400,000 to build."

British capitalists suggested schemes to the Khedive, obtained the contracts to carry out the works, and then lent the Khedive the money to pay the contractors—themselves. It can be imagined that the case cited by Jenks was not exceptional; immense profits must have been made on the contracts, and immense commissions were charged by the financiers who provided the money.

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McCoan, in *Egypt As It Is* (published in 1877), gave the following particulars of some of the loans then outstanding :—

Loan of	Nominal Amount (real debt of Egypt).	Amount realised (actually lent).
	£	£
1864	5,704,200	4,864,063
1866	3,000,000	2,640,000
1868	11,890,000	7,193,334
1873	32,000,000	20,740,077
	52,594,200	35,437,474

Egypt owed, in fact, half as much again as had been actually lent ; and when we take into account the fact that the money lent was largely to pay British contractors, who made enormous profits, it is very doubtful whether as much as one-third of the total debt was represented by any real assets for Egyptian industry and transport.

But interest had to be paid on the total, which in 1876, according to McCoan, was about £80,000,000 ; and as a result some £6,000,000 a year had to be provided from the general Egyptian State revenue, then amounting to less than £10,000,000 a year.

It is not surprising that within a short time the finances of Egypt were in a state of hopeless insolvency ; both interest and the instalments for repayment of loans could only be met by further loans. Nor is it surprising, when the details of the loans are examined, that the British State was more than willing to step in.

The contractors for the three loans of 1862, 1864 and 1866 were the firm of Frühling & Goschen, of which Charles Hermann Goschen, a director of the Bank of England, was senior partner, and George Joachim Goschen, afterwards Chancellor

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of the Exchequer, was a member. In the subsequent larger loans both British and French interests were concerned. The first use of the British State was in 1875, when the creditors forced the Khedive to sell his shares in the Suez Canal; the British Government bought them for about £4,000,000, through the firm of Rothschilds. In the following year the British Consul-General at Cairo arranged with the Khedive that the British Government should send a financial mission, headed by the Paymaster-General, "to assist in remedying the confusion."

Simultaneously, Goschen (of Frühling and Goschen) was "selected" as the representative of 2000 British bondholders to proceed to Egypt to force a new financial scheme on the Khedive. Under the joint pressure of the official financial mission and the unofficial Goschen, the Khedive finally agreed to a scheme involving the appointment of two foreign Controllers General (one British, one French) and the consolidation of the debt at 7 per cent. interest (except, by the way, on the loans of Frühling and Goschen, on which the old rates of 10 and 12 per cent. were to continue!).

The new scheme was put into operation at once. Foreign Controllers appeared in the State Treasury, and in 1877, out of the total actual revenue of £9½ million, nearly £7½ million were handed over to the foreign bondholders, in addition to the tribute to Turkey and interest on the Suez Canal shares. As time went on, it became necessary to use extreme pressure on the peasantry to keep the State finance up-to-date. Crops were forestalled, customs dues and railway rates were increased. According to the *Times* (June 27, 1877):—

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"This produce consists wholly of taxes paid by the peasants in kind, and when one thinks of the poverty-stricken, over-driven, underfed fellaheen in their miserable hovels, working late and early to fill the pockets of the creditor, the punctual payment of the coupon ceases to be wholly a subject of gratification."

A few weeks later the same paper called on the British Controller General

not to forget the fellaheen in his zeal for the creditors, or he may one day overstep the limits of productiveness (*Times*, July 21, 1877).

The bleeding of the peasants, however, went on. In 1878 cattle plague and a failure of crops combined to produce a famine in which thousands of peasants died of starvation and disease, but the British Government refused to allow even the postponement of interest payments. The following year the *Times* reported that taxes were being collected at the same time that

people are dying by the roadside, that great tracts of country are uncultivated, because of the fiscal burdens, and that the farmers have sold their cattle and the women their finery, and that the usurers are filling the mortgage offices with their bonds and the courts with their suits of foreclosure. (March 31, 1879).

But high finance, operating through the Controllers, insisted on a policy of ruthlessness whose object was not merely to secure payment of the coupons. The absorption for debt charges of almost the whole of the revenue meant that the Egyptian State system was rapidly breaking down, leaving the way clear for the taking over of general control by the British. The Egyptian army and government service were reduced in numbers; all payments were in arrears; and discontent was spreading rapidly among the landed classes, the officers and officials, as well as among the peasantry.

Already in 1876 there had been some opposition to the introduction of foreign control over finance;

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and the resistance of the Egyptian Finance Minister, who urged that the Khedive's acceptance of these terms was "tantamount to high treason," was only overcome by the Khedive taking him for a drive and having him treacherously murdered (*Egypt's Ruin*, p. 31). In 1879, after three years of worsening conditions, the first outbreak occurred. A body of officers seized the Egyptian Prime Minister and the English Finance Minister and locked them up in the Ministry of Finance. They were released by the Khedive, but the action of the officers was the beginning of a widespread movement of revolt against foreign control among Egyptian upper and middle-class sections. The Khedive Ismail, in response to this agitation, determined to set up, through an elected assembly of Sheikhs and others, a native government which should displace the European Ministry. The foreign Ministers were formally dismissed.

This effort to break the meshes of foreign control which were closing round the whole economic life of Egypt was based on very general popular support. A memorial demanding the dismissal of the foreigners had been signed by representatives of many different districts and communities, and the document authorising a new ministry stated that the previous cabinet

have aroused among the people discontent and agitation, which have extended to all classes of our society hitherto so tranquil. (*Egypt's Ruin*, p. 89).

The new cabinet was to be really responsible to an elected assembly which should correspond to the "national aspirations." The *Times* Cairo correspondent (April 16th, 1879) described how the "constitutional elements" were being consolidated into a National Party, with the watchword "Egypt for the Egyptians."

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But the British financial interests immediately determined to stop this revival of independence.

After a few weeks of preparation (in which the French proposal of a joint military occupation of Egypt was turned down by the British Government, because Britain was looking forward to a purely British occupation), the British Government induced the Sultan of Turkey to depose the Khedive Ismail. A few weeks later a decree re-appointing the foreign Controllers-General was issued by his successor, who agreed not to dismiss them without the consent of the Powers concerned.

The era of the Dual Control, as now formally constituted, was marked by a growing revolt against foreign oppression, in which the Egyptian army, the only native institution now surviving within the State machine, was the leading force. It was the development of this movement, led by an officer named Arabi, who was himself of peasant origin and had risen from the ranks, which gave the British Government the opportunity it had been waiting for to substitute a British occupation for the former dual control of Egypt by France and Britain.

The movement began as a protest against the non-payment of salaries and the unfair system of promotion within the army itself; this led to a demand for the dismissal of the War Minister, and from this to a nationalist programme, including the dismissal of the whole Ministry, the granting of a constitution and an increase in the strength of the army.

Arabi became the centre of the whole agitation for Egyptian independence, which was supported by widely different sections—the landlords who objected to foreign exploitation of Egypt's new resources, and the soldiers, recruited from the

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peasantry, who were being increasingly oppressed by taxation for the debt services. In order to get rid of Arabi, the foreign-controlled Ministry decided to order his removal with his regiment to the provinces. Arabi refused to go, and instead marched with his troops to the Palace of the new Khedive.

On September 9th, 1881, the Khedive Tewfik, who had been put into office as the tool of foreign interests, was forced to capitulate on all points, and a new, avowedly anti-Imperialist, Ministry took power, with the support of the military groups led by Arabi. Thus a revolution was carried through, and according to Scawen Blunt, who was then in Egypt—

The three months which followed this notable event were the happiest time, politically, that Egypt has ever known. . . . All native parties, and, for the moment, the whole population of Cairo, were united in the realisation of a great national ideal. (*Secret History*, p. 152).

Such a situation could not be allowed to continue. The attitude of the British authorities is indicated by the following communication from the British Consul General in Egypt to Lord Granville, Foreign Minister in the Gladstone Government :—

“ It will not be possible for us to regain our ascendancy until the military supremacy which at present weighs upon the country is broken. . . . I believe that some complication of an acute nature must supervene before any satisfactory solution of the Egyptian question can be attained, and that it would be wiser to hasten it than to endeavour to retard it.” (*Egypt*, No. 7, 1882, quoted in *Egypt's Ruin*, p. 180).

The required complication was duly forthcoming. According to plan, a group of army officers prepared a plot to overthrow Arabi, on whom the nationalist Ministry depended. The

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plot was discovered by Arabi, and the officers concerned were arrested and given various sentences. Under the influence of the British Consul-General, the Khedive commuted the sentences; the Egyptian Ministry refused to accept his decision. Immediately (May 1882) the British and French Governments each sent three warships to Alexandria "to safeguard the lives of their subjects," and the British and French representatives in Egypt ordered the Khedive to dismiss the nationalist Ministry, to banish Arabi from Egypt, and to send two other nationalist generals into the interior. The Ministry was duly dismissed, but an immediate outcry from the garrison and police at Alexandria forced the Khedive to reinstate them.

The British and French naval forces were increased, and the British Foreign Minister appealed to the Sultan of Turkey to intervene on the side of the Khedive against the Egyptian Ministry. When the Turkish Commissioner arrived he was met with petitions and demonstrations urging him to support the Ministry against the foreigners and their tool the Khedive. It was in this situation that a massacre of Christians at Alexandria was secretly organised. The massacre was carried out by a hired band of Bedouins and the police had instructions not to interfere, while it was arranged that the commandant of the garrison should not be informed until some hours after the 'riot' started. (*Egypt* No. 4, 1884).

This manoeuvre, however, was not altogether a success from the British point of view. It produced a demand from European residents for a withdrawal of provocative forces, the recognition of Arabi, and the setting up of a joint conference of representatives of the six powers having interests

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in Egypt—France, England, Italy, Germany, Austria and Russia.

The conference met at Constantinople in June 1882, and a "self-denying protocol" was signed on behalf of the various governments, including the British. This was an undertaking

not to seek any territorial advantage, nor any concession of any exclusive privilege, nor any commercial advantage for their subjects other than those which any other nation can equally obtain. (*Egypt*, No. 17, 1882).

It was further agreed that none of the Powers should take any isolated action in Egypt (except, said the British, in case of special emergency); and that the Sultan of Turkey should be asked to send troops to restore the *status quo* in Egypt.

To the British Government it was perfectly clear that under such an arrangement exclusive British control in Egypt was impossible; and the only alternative therefore was to create a "special emergency" immediately, before the Sultan had time to take action. This special emergency was the bombardment of Alexandria by British gunboats on July 11th, 1882. The pretext for the attack was the repairing of forts by the Egyptians as a defence against the foreigner. Its real purpose was to destroy, once and for all, any pretence that British interests in Egypt were to be subordinated to those of other groups. The bombardment was followed up by the landing of British troops; and while sham negotiations with Turkey for a military convention were still going on, British forces were actually engaged in "restoring order" on the Nile. The convention was signed at last on September 13th, 1882, the very day on which Arabi and his followers, the nucleus of the anti-Imperialist movement, were finally defeated by the British at Tel-el-Kebir. Two days later Cairo

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was taken, and the British occupation of Egypt was an accomplished fact.

Thus, barely three months after the signing of the protocol at Constantinople, the British Government, by an act of aggression as flagrant as any in the history of imperial conquests, secured those "exclusive privileges" which its representatives had just professed to renounce. The other European powers had only the two alternatives of declaring war on Britain or accepting the fact of British domination. They chose the second. The Constantinople conference was suspended; the dual control of France and England was abolished; and the British laid down a scheme of government for Egypt by which the Egyptian constitution and assembly were replaced by councils whose powers were merely advisory. Finally, a new agent was appointed to carry on the exploitation of Egypt in the interests of British capitalists, and continuity of policy was achieved by the selection of Sir Evelyn Baring (afterwards Lord Cromer) of the London financiers Baring Bros., who for the next twenty-five years held the post of British Consul-General in Egypt.

CHAPTER II

MAKING EGYPT PAY

THE objects of the Baring Bros. regime in Egypt were the same as those of the earlier Fröhling-Goschen regime: to draw in to British finance-capital more and more of the values extracted from the peasant-producers by the Egyptian ruling class; and secondly to increase the productive capacity of Egypt so that the maximum results could be obtained from squeezing the peasantry.

The subordination of the Egyptian ruling class was directly effected by the bombardment of Alexandria, the crushing of the nationalist movement under Arabi, the occupation of Egypt by British troops and the introduction of British officials in all important departments, especially in the Finance Ministry and in the Army; and the way was then clear for the financial policy.

Sir Evelyn Baring's immediate task was to secure the regular payment of interest on the existing debt; and then to open up Egypt as a market for the products of British heavy industry, which was already feeling the pressure of competition from the rapid industrial development of Germany. There was one difficulty which had hitherto proved insuperable: the fact that the annual production of wealth in Egypt was relatively small. It was almost entirely agricultural—wheat, maize, rice and other food products for home consumption, and cotton for export abroad in payment of interest and in exchange for the few imported articles. The total value of production in 1882 was estimated at less than £28 million. (Rabino, *Some Statistics of Egypt*, Journal of Statistical Society, 1884).

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In 1894, after ten years of Baring's rule, the total value of Egypt's agricultural production was £32 million from a total cultivated area of about $4\frac{3}{4}$ million acres, making the average value of production per acre £6 15/-. The total population at that date was about nine million, so that the gross value of production per head of the population amounted to £3 12/-. (Willcocks—*Report on Perennial Irrigation for Egypt*, 1894).

State revenue in 1895 amounted to nearly £11 million, or one-third of the total value of agricultural production. Half of this was raised by land-tax falling directly on the peasants and averaging 12/- per head of the population. According to Lord Cromer's statement in 1906, a quarter of the income of a peasant owning 10 acres was absorbed in taxation, while for the owner of 5 acres, taxation amounted to half his income. For the million peasant families with holdings of an average size of $1\frac{1}{4}$ acres, existence was only possible by continuous borrowing or by selling their labour to the larger landowners.

When Sir Evelyn Baring took control nearly a quarter of the total Egyptian production was being absorbed for the service of the debts. Nor is there any reason to doubt that this burden fell almost entirely on the peasants. We have seen to what disastrous conditions they had been reduced; and as the slave-owner who sees his slaves deteriorating through overwork may find it worth while to improve their conditions, so Sir Evelyn Baring found it necessary to increase the productivity of the peasants so that they could bear the burden of debt charges and yet live. In an official statement (*Egypt*, No. 1, 1902, p. 3) he says that he had always insisted "that the interests of the bondholders and those of the Egyptian people were "

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identical"; a principle which meant, in practice, the development of the cotton crop, which could be sold at high prices abroad, at the expense of the food crops consumed by the peasants.

The effect of this policy can be seen from the fact that in the years preceding the Baring regime cotton exports averaged about 2 million cantars, worth about £8 million; while by the end of the period (1907) they had reached 7 million cantars, worth over £30 million. At the same time, from being a self-supporting country in regard to its food supply, Egypt was changed into an importing country, importing foodstuffs in 1908 to the value of over £5 million, which the peasant had to buy at prices considerably above those ruling in European countries. The price of wheat in Egypt in that year was 50 per cent. higher than the price of English wheat.

The development of cotton growing has undoubtedly raised the total value of production in Egypt—the fund from which must come the livelihood of the peasant producers and the surplus extracted from them for the benefit of landlords, moneylenders, civil and military bureaucracy, native and foreign merchants and bondholders. But the growth of all these interests, each drawing on the proceeds of the peasant's labour, meant that the peasant himself secured a diminishing share of the value of his crops.

The expansion of cotton-growing at the expense of food production had other important results. In the first instance it made the Egyptians more dependent on their exploiters. Instead of growing the food they need, and selling only the surplus cotton crops, they now depend largely on the sale of cotton. With the proceeds they have to buy foodstuffs, imported or transported from distant

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areas. They are thus doubly in the hands of middlemen. And around these two operations there has grown up the vast edifice of merchants and shippers, cotton-ginning concerns, railway and other transport services, all of which take a toll additional to the permanent toll of the State machine for administration, "defence," and debt interest and redemption. With the increasing value of each year's production, too, the rents charged by the landlords have also increased. Between 1894 and 1914 the proportion of the total crop area under cotton increased from 25 to 44 per cent., and rents in 1912 already averaged £12 to £18 an acre. (*Egypt*, No. 1, 1913).

The development of the cotton area was dependent on the extension of irrigation; and in turn this necessitated more railways to tap wider areas, and to transport both cotton and food to and from the seaports. As one of the reports of the British Financial Advisor in Egypt explained:

When once the policy of developing the country's resources by means of irrigation was adopted, heavy capital expenditure on a number of other objects became an indirect but inevitable consequence. The constantly increasing areas under cultivation entail fresh railway lines and more rolling stock to carry the cotton and other produce; the growing exports and imports require more harbour accommodation. (*Egypt*, No. 1, 1908).

Thus the policy of extending cotton production not only secured the payment of interest and sinking fund on the old debt (by increasing the total value of agricultural output which could be drained off by taxation), but also provided a market for the products of British heavy industry.

The creation of this market, and the method by which contracts were financed, are of peculiar interest. When Sir Evelyn Baring assumed control in Egypt, the total debt was about £95

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million. The financial arrangement made with the Egyptian Government secured not only the regular payment of interest, but also annual payments to a sinking fund. The outstanding debt was not reduced year by year; on the contrary, *the sinking fund was re-invested in Egypt*; or, to put it in plain language, the amount raised by taxation for the sinking fund each year was used to pay foreign contractors for railways and irrigation and other constructional works.

In this way a regular market for British (or British-controlled) heavy industry was assured. This market averaged about £1,000,000 a year; between 1888 and 1904, according to Sir Evelyn Baring (*Egypt* No. 1, 1905) £16½ million from the reserve funds were devoted to public works, including irrigation, drainage, railways and port improvements. The later reports on Egypt (1905-1913) show a considerable speeding up of this process; in the next 9 years £27 million were paid out from the reserve funds for similar purposes.

The whole process is illustrated by the figures of Egypt's foreign trade in the years following the British occupation.

In the first ten years exports (mainly of cotton) to pay interest on the loans enormously outweigh imports. In the second ten years the Baring-British control begins to take effect; the total value of exports increases by nearly a quarter, and at the same time imports show a substantial increase, made up partly of food supplies no longer grown in Egypt and partly of capital goods provided for by the sinking funds. In the third period of eleven years before the war, the relative margin between imports and exports is still further reduced, and the average value of imports each year is more than three times the average value in the

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first ten years. Already, between 1903 and 1913 the average imports of iron and steel and machinery were £2,260,000 a year; in 1926 they were £8,762,000 and in 1927 £8,262,000.

TOTAL TRADE OF EGYPT.

(In million £).

Yearly Average.	Imports into Egypt.	Exports from Egypt.	Excess of Exports. Actual.	% of total Imports.
1883-1892	8	11.7	3.7	46.2
1893-1902	11.4	14.4	3.0	26.3
1903-1913	24.3	26.9	2.4	9.8
1914-1918	30	36.5	6.5	27.7
1919-1927	56.4	60	3.6	6.4

Although peasant production continued to be the chief source of wealth, wage labour was introduced in a number of enterprises and began also to be increasingly employed by owners of large estates. This was one of the factors which led to the partial abolition of the *corvée* or forced labour on irrigation canals in the early years of the British occupation. The big landowners found that the calling up of men for compulsory service interfered with the supply of labour for their estates.

The abolition of *corvée* gave the British authorities a great opportunity to advertise their humane administration, while they established a system of wage labour at the lowest possible rates. It was estimated that to abolish forced labour on the canals altogether would cost £400,000 a year, the average number called out to work for 100 days being 234,153, so that the workers would receive an average wage of about 4½d a day. The amount actually spent on substituting "free" labour in the first year that the scheme was applied was £250,000 and the number of *corvée* workers was reduced to 102,000. (Crozier, *Modern-Egypt*, 1911 Ed., p. 783).

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The later years of the Baring regime saw the formation of a number of British companies for the further opening up of Egypt's resources. *Egyptian Delta Light Railways Ltd.* was set up in 1897 to contract and operate narrow gauge railways. In 1904 the *Egyptian Delta Land and Investment Co.* was formed for the purpose of dealing in lands in districts covered by the Delta Light Railways. *Egyptian Markets Ltd.*, having a monopoly of the construction and management of official markets in 120 centres, was started in 1898. This company also imported chemical manures, of which large quantities are used in Egyptian agriculture. The *National Bank of Egypt*, with Hon. H. Baring (a cousin of Sir Evelyn) as a member of its London Committee, was established in the same year.

The whole policy of British capitalism in Egypt required a more efficient and determined administration of the State machine. Actual administrative control was carried out by an army of Englishmen in the higher posts of the civil service, and by nominated Egyptian officials in country districts. The number of European officials grew from 690 in 1896 to 1252 in 1906. Government servants in the various areas were divided into *mudirs* (one for each of the 14 provinces), *mamours* (district officials) and *omdehs* (village officials). Omdehs must own 10 feddans of land and were appointed by their superiors. It was part of Arabi's programme that these village headmen should be elected; in 1928 the British government insisted on the withdrawal of a similar measure proposed by the Egyptian government.

One of the reasons given by the British Government for the failure to develop local government in Egypt was the existence of the capitulations, by which some fifteen separate foreign powers had

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secured certain special privileges for their nationals. Foreigners cannot be taxed without the consent of the governments; legislation applicable to foreigners, including regulations affecting factories and workshops, building bye-laws and numbers of other measures, can only be enforced with the consent of the representatives of these powers; and a foreigner must be tried in civil cases by the Mixed Courts and in criminal cases by the Consular Court of his own country. In Egypt, British policy has always aimed at getting the capitulations abolished, not in the interests of Egyptian independence, but to give British imperialism a freer hand in relation to other imperialist groups. It was part of the Milner proposals (described in Chapter III) that the capitulatory rights should be transferred to Great Britain; and one of the reasons for the long continuance of martial law after the war was that martial law overrides the capitulations.

The Mixed Courts had been established before the British occupation. Native tribunals, with a mixed Court of Appeal at Cairo, were set up at the beginning of the Baring period, to deal with civil cases between natives and criminal cases in which the accused is an Egyptian. But it appeared that the upholding of British authority in cases between Egyptians and Englishmen, when an Egyptian was accused of a criminal offence against the English, required harsher sentences than the Native Tribunals could always be relied on to give. In 1895 therefore Sir Evelyn Baring caused a decree to be issued, in accordance with which cases between natives and the Army of Occupation (or the navy) could, on application to the British Agent, be brought before a special semi-military tribunal, from which there was no appeal.

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It was under this decree that the notorious Denshawai trial, one of the most infamous examples of British "justice" to a subject people ever recorded, was held in 1906. A party of British officers, who were pigeon shooting in the village of Denshawai, set fire to a threshing floor and injured a peasant woman. They were attacked by the villagers with sticks and one of them was struck on the head. It was agreed by the officers that this man should go to the camp (five miles away) for assistance; on the way he got sunstroke and died. The medical evidence at the trial showed decisively that sunstroke was the immediate cause of death; yet for this affair the tribunal sentenced four of the villagers to be hanged, seven to be flogged and twelve to terms of imprisonment varying from one year to penal servitude for life. The tribunal further insisted that the sentences of hanging and flogging should be carried out publicly in the presence of the villagers. British troops and Egyptian police were brought to the village and the families of the accused men were compelled to witness the executions.

The British official in charge telegraphed a report on the carrying out of the sentences to Sir Edward Grey, with the following comment:—

I consider that the arrangements were admirable and reflect great credit on all concerned. (*Egypt*, No. 3, 1906).

This final act of the Baring regime roused a widespread hatred of British oppression in Egypt and led to the revival of an active nationalism for the first time since the suppression of the Arabi movement.

CHAPTER III

THE NATIONALIST MOVEMENT

UNDER the Baring regime, with its growing pressure on the peasantry to increase production for the benefit of British capitalists and its tightening hold on the machinery of government, the struggle for independence, after the defeat and exile of Arabi, was at first held in check. But these developments themselves gave rise to a new wave of resistance which found active expression among the students, many of whom came from the families of small farmers and were in direct touch with the life of the villages.

After the Denshawai trial, the nationalist movement, led by Mustapha Kamel, steadily increased in influence; student demonstrations became frequent, and nationalist newspapers had a growing circulation. The policy of the British was to get enlightened Egyptians themselves to keep the movement within bounds. Saad Zaghlul Pasha, formerly a judge of the Native Courts, was appointed Minister of Public Instruction in 1906, and was warmly praised by Lord Cromer. Zaghlul's brother and other prominent Egyptians were allowed to hold minor posts in the civil service, but British control at all vital points in the apparatus of government was not relaxed in the smallest degree.

The policy of conciliation was carried on by Cromer's successor, Sir Eldon Gorst. A Council of Egyptian Ministers was set up, and Routros Pasha, who had presided at the Denshawai trial,

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was made Prime Minister. But Boutros was known as a tool of the British, and in February, 1909, he was assassinated by a nationalist ex-student. This was the signal for a whole series of repressive measures enforced under British "advice," and for an open declaration at last that the British occupation was to be maintained. Between 1881 and 1909 the most solemn assurances had been repeatedly given by responsible British ministers and officials that Egypt was not to be annexed or permanently occupied. Gladstone declared (August 10, 1882) that

It would be absolutely at variance with all the principles and views of H.M.'s Government, and the pledges they have given to Europe.

But in the Anglo-French Agreement of 1904, the French government, in exchange for a free hand in Morocco, undertook not to obstruct British action in Egypt by asking for a time limit to the occupation or "in any other manner." Sir Edward Grey, Foreign Secretary in the Asquith government, announced that :

it is the policy of His Majesty's Government to maintain our occupation of Egypt, because we cannot abandon, without disgrace, our responsibilities which have grown up around us there. (*Hansard*, June 15th, 1910).

A law was passed in July, 1909, for "placing certain persons under public supervision" by which, according to Sir Eldon Gorst's report, measures "to a certain extent restrictive of liberty" could be applied to dangerous characters without their having necessarily been convicted by a regular tribunal of a definite offence under the Penal Code. (*Egypt*, No. 1, 1909). These measures included deportation to a labour colony. In the following year other repressive measures were brought in, not by legislation but by Khedivial

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décree. These provided for the hearing of all press cases by the Assize Courts (where there was no jury and no appeal); the expulsion from schools and colleges of all students taking part in demonstrations or writing for newspapers; and the punishment by imprisonment of criminal agreements and conspiracy between two or more persons. (*Egyptian Gazette*, May 30 and July 2, 1910). The apparatus of repression was thus fairly complete; and in 1911, on the death of Sir Eldon Gorst, Kitchener was appointed British Agent in Egypt.

In the years between Kitchener's appointment and the beginning of the war, two "reforms" were carried through. The first was the Five-Feddan Law, by which the seizure of holdings of less than five feddans for debt was prohibited. This was prompted by the need to maintain production of cotton and food supplies; peasants were being turned out of their holdings, and the system of small producers, on which to a great extent the scheme of exploitation rested, was seriously threatened. The second measure was the Organic Law of 1913, which reconstituted the native government apparatus, restricted its powers, and placed it firmly in the hands of a small well-to-do section of the population.

The qualifications for election to the new Legislative Assembly were:—

to be 35 years of age, to be able to read and write, and to have paid for two years £50 a year in land tax or £20 a year in house tax. The actual composition of the Legislative Assembly, when it came into existence in 1913, was as follows:—Landowners 49, Lawyers 8, Merchants 4, Heads of Religious Institutions 3, Engineer 1. (*Egypt*, No. 3a, 1913, and No. 1, 1914).

Even this carefully restricted assembly was not allowed to function after the beginning of the war.

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It held one session and was then suspended indefinitely.

In November, 1914, Egypt was put under martial law and a rigorous censorship, afterwards described by the *Times* as "the most incompetent, the most inept and the most savagely ruthless censorship in any country under British control." (April 28th, 1919). In December a British Protectorate was declared and the pro-Turkish Khedive Abbas was deposed in favour of the pro-British Hussein (brother of the present King) who was given the title of Sultan. It was publicly announced that martial law was not to supersede the civil administration, and that the British government accepted the sole burden of the war without calling on the Egyptian people for assistance. Yet within a year men were being enrolled in the Egyptian Labour Corps; in January, 1916, the Egyptian Army Reserve was called to the colours, and from 1917 onwards the severest pressure was applied to bring in men, food supplies and camels for war service.

It is impossible in a short space to give any complete picture of the things that were done in Egypt under British rule during the war. A few examples must serve to illustrate the conditions which gave rise to the general hatred of British control, the widespread revolt against it and the almost universal support of the nationalist movement in 1919.

According to the account published in 1924 by Lieut.-Col. Elgood, C.M.G., in his book, *Egypt and the Army*, it became obvious in 1916 that unless some measure of compulsion was applied, sufficient recruits for the Egyptian Auxiliary Corps would never be available. Therefore.

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Country folk attending the local markets were rounded up and sent to the nearest Labour Depot. While the majority accepted their fate with resignation, a few showed fight and others sought sanctuary in neighbouring districts. But the end of all was the same. Resistance would be overcome, and fugitives dispatched to the recruiting officer. (p. 317).

Another description of the methods of recruiting is as follows :—

All through 1917 and 1918 the screw was put on more and more severely as the military operations expanded and the lines of communication grew longer, for experience had proved that there are no better workers than the Egyptians, whether on roads or railway embankments. In some places the fellahs began to fly from the villages, and soldiers and police had to scour the country to bring the "volunteers" in under escort to the labour depots. The British military authorities needed the men and asked no questions. (Sir Valentine Chirol, *The Egyptian Problem*, p. 137).

No educated Egyptian ever served in the Auxiliary Corps; these methods were applied only to peasants and workers. In addition to the Auxiliary Corps, 170,000 Egyptians were enlisted in the Camel Transport Corps. The total numbers of Egyptians enrolled in the various forces have been estimated at about a million, the total male population between the ages of 17 and 30 being $1\frac{1}{2}$ million. *Figures of casualties were never published* except 713 deaths, mainly from exposure, in the Camel Transport Corps. Camels and donkeys, without which the agriculture of the villages could not be carried on, were requisitioned through local agents, and crops were seized in a similar way by the Supplies Board. The Egyptian Government was forced to contribute £3½ million towards war expenditure, and £600,000, raised by compulsory levy in the villages of Egypt and the Sudan, was handed to the British Red Cross.

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Although war conditions pressed most severely on the peasants, the existence of martial law, the censorship, the enforcement of measures such as the law of Assembly which prohibited meetings of more than five persons, the fact that hundreds of Egyptians were kept in prison on suspicion only, and above all the ever-sharpening economic pressure, affected all sections of workers. Native clerks in the civil service received no increase of wages until after the war. When conditions in some districts had become almost desperate, relief work was introduced at rates of wages ranging from one piastre (2½d) a day for children to three piastres for men.

During the whole war period nationalist organisation and the nationalist press were completely stifled. But Egyptian newspapers were full of propaganda statements from the Allied press about self-determination and the rights of small nations; and at the armistice the Egyptian Prime Minister, Rushdi Pasha, proposed to go to London for a Conference with the British Foreign Office on Egypt's claim to independence. This proposal was rejected by the British. An Egyptian delegation (Wafd) was then formed under Zaghlul Pasha, who had been Vice-President of the suspended Legislative Assembly. Passports were refused; and as the agitation continued to grow, Zaghlul and three other members of the Wafd were arrested and deported to Malta on March 8th, 1919.

The news of the arrests drove the Egyptians to open revolt. The announcement of Zaghlul's deportation appeared in the *Egyptian Mail* (Cairo) on March 11th; the following day an official communique was published, warning the public:
 ~~that~~ ^{that} the country being still under martial law, no public

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gathering or demonstration will be permitted, and those who contravene this order will be summarily dealt with.

Two days later new "Orders under Martial Law" were issued. According to the first of them,

Any person who destroys, damages or tampers in any way with the Railway, Telegraphs or Telephone communications, or who attempts to commit any of these acts, is liable under Martial Law to be shot.

All government servants were ordered to abstain from political agitation. These orders tell their own story; but it was not until March 18 that reports began to be published of the demonstrations, strikes and risings which had been taking place in all parts of the country. Railways were torn up, telegraphs were cut; foreigners were besieged in the town of Assiout, and a party of British officers and soldiers were attacked and killed in a train near Cairo; and the whole of the Egyptian Civil Service went on strike. For the first time in Egypt great numbers of women took part in the demonstrations. All sections and all religions were involved.

Lord Allenby, who was attending the Peace Conference, was hastily sent to Egypt as Special High Commissioner, and under his orders Zaghlul was released and allowed to go to Paris, and then a campaign of reprisals was begun and carried out with terrible severity. The *White Book*, issued in Paris by the Zaghlulists in 1919, shows that over 1000 Egyptians were killed by British soldiers, and whole villages were wiped out. The British government spokesman, C. Harmsworth, admitted in the House of Commons that nearly 1000 Egyptians had been killed. (*Herald*, May 16, 1919). On March 21, General Bullfin issued warnings by aeroplane that any further damage to or destruction

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of railways would be punished by burning the villages nearest to the damage. (*Times*, March 31, 1919). A further official communique announced that :—

It is intended that the most remote parts of the country shall be visited by military forces who will reinstate the civil authorities, arrest offenders and take any steps which may be necessary for the re-establishment of order. (*Egyptian Mail*, March 25, 1919).

On March 24th bombs were dropped on the villages of Western Behera ; on April 1st, sixteen mobile columns were operating in Lower Egypt ; for the killing of British soldiers (2 officers and 5 men) 51 Egyptians were sentenced to death and 28 were executed. (*The Egyptian Problem*, p. 184).

The Egyptians, handicapped by lack of organisation among the workers and peasants, and faced with the overwhelming military resources of the British, were compelled to give way ; and the British government set to work to divide and undermine the nationalist movement.

In May 1919, it was announced that the British government had decided to send a special mission to Egypt under Lord Milner. The mission arrived in December and stayed for three months. According to its own account (published in February, 1921)—

We had not been many days, or even hours, in Cairo before we had ample evidence of active and organised antagonism. Telegrams poured in announcing the intention of the senders to go on strike as a protest against our presence. The majority of writers consistently maintained that Zaghlul Pasha at Paris was the accredited representative of the Egyptian people, and the Mission was recommended to address itself to him. (*Egypt*, No. 1, 1921).

Strikes were declared by students, lawyers, tramwaymen, cab drivers and shopkeepers ; and

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throughout its stay the mission was publicly boycotted by all sections of Egyptians, although a certain number of "leaders of Egyptian opinion" had private conversations with members of the mission.

When the Milner report was published at last, it was clear that its object was to conciliate the moderate sections of Egyptian nationalists and thus to break up the mass support which Zaghlul's programme had won in 1919. It was shown that "an orderly and friendly Egypt" would serve British imperialism best; and that the Wafd, which could claim to speak for "the nation," drew its members largely from the moderate party who stood for "gradual and constitutional progress" in contrast to the *Hisb el Watani* "the real revolutionary and anti-British party," but that owing to British policy

Zaghlul and his associates have, until quite recently, been drifting steadily to the left (p. 18).

It was proposed that a treaty, in which Britain's "special interests" would be safeguarded, should be signed between Britain and Egypt; and it was hoped that by giving Egypt a nominal independence the "drift to the left," which was spreading to "men of property, the official class and the upper ranks of the army," would be stopped. The terms were, in fact, almost exactly the same as those of the subsequent British declaration of 1922; but it was proposed to embody them in a treaty approved by some "genuinely representative" Egyptian Assembly. It would, the report concludes, be a great advantage to Great Britain to have her special interests

carefully defined and placed beyond challenge in a Treaty accepted by the Egyptians.

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But the Egyptian government could not be persuaded to sign any treaty which recognised the permanent occupation of Egypt by British troops and British "advisers" and civil servants.

The Milner proposals, after discussions between Zaghlul and members of the mission in London, were rejected in 1920; and Lord Curzon's proposals on the same lines were rejected in 1921. Cabinets were made and unmade in Cairo, but all to no purpose. In April 1921, Zaghlul returned to Egypt and received a national welcome which made it perfectly clear to the British government and to the pro-British section in Egypt that his leadership had the overwhelming support of the Egyptians. This was confirmed by five British Labour M.P.'s who visited Egypt in October.

Egypt was still under martial law. Zaghlul proposed the immediate abolition of martial law and other repressive measures, and the election of a National Assembly to appoint official delegates to carry on negotiations with Great Britain. These terms were refused, and a new wave of political unrest spread through the country.

One group of Egyptians, belonging to the capitalist section most closely allied with British interests, supported a policy of surrender. Its leader was Adly Yeghen, who had been made Prime Minister in March. The Zaghlulists organised a series of national demonstrations. At Tanta on April 29, the demonstrators were fired on by the police. Hostility to the Adly group became intense, and there were daily street demonstrations in Alexandria. On May 20, according to the official report (*Egypt*, No. 3, 1921), ~~the crowd~~, which had stoned police stations, was attacked by armed police from the rear and

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"picked shots selected the ringleaders." There followed on May 22 and 23 a general outbreak, in which a number of foreigners were killed and the town was taken over by the military with British troops. It was shown in Chapter I that the Alexandria massacre in Arabi's time was deliberately provoked, and the facts suggest that in 1921 "Red Monday" was used to embarrass and discredit Zaghlul and to rally foreign support for British rule. No British residents were attacked.

A last effort was made by Lord Allenby to get the Egyptian government to sign a treaty. It was no use. The Prime Minister, Adly Pasha, resigned, and for some weeks no ministry could be got together. Zaghlul was prohibited by Lord Allenby from holding political meetings and from all further participation in politics; threatened with deportation; and finally, on December 23rd, 1921, arrested and sent to Suez to await embarkation for Ceylon. Demonstrations were held outside Zaghlul's house; these were broken up by the police, two Egyptians being killed and nine wounded. Five of Zaghlul's supporters (including Mustafa Nahas, the Prime Minister of 1928) were then arrested and sent to Suez, and the military authorities took over the town "in accordance with previous arrangements." On December 25, Allenby sent the following report to Lord Curzon:—

CAIRO. Schools are all on strike. Government officials' strike is now general. . . . Number of Egyptians killed in Cairo is eleven. One European—an eccentric living in poor quarter—was murdered by mob on 23rd. . . Total arrests up to date, 186.

ALEXANDRIA. No change. Situation is under control. Total arrests up to date, 389, of whom 223 are boys. H.M.S. "Ceres" and "Senator" have arrived.

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CANAL ZONE, PORT SAID. Persistent demonstrations occurred this morning, and finally town was handed over to military, who were compelled to fire on crowd which had refused to disperse after a warning. Casualties—one Egyptian killed and three wounded. Military forces are assisted by ninety bluejackets from guard-ship. (*Egypt*, No. 1, 1922).

Within a few days of these events Lord Allenby proposed that the British government should declare the formal "abolition of the protectorate and recognition of Egypt as an independent sovereign state," with certain reservations but without waiting for the conclusion of a treaty. In a despatch, dated January 12, 1922, he urged that the only other alternatives were

either the annexation of a violently hostile country which would require to be governed by force, or else complete capitulation on the part of His Majesty's Government. We have been used to expect the world to admire our work in Egypt. I can imagine no more deplorable end to it. (*Egypt*, No. 1, 1922).

He added that Sarwat Pasha was prepared to form a government on the terms of the proposed declaration, and that this policy had made it possible "to gain to our side one or two of the leading members of Zaghlul's Party, and greatly to weaken its influence."

The declaration was issued on February 28th, 1922. The points "absolutely reserved to the discretion of His Majesty's Government" until agreements on them might be concluded, were as follows :—

- (a) The security of communications of the British Empire in Egypt.
- (b) The defence of Egypt against all foreign aggression or interference, direct or indirect.
- (c) The protection of foreign interests in Egypt and the protection of minorities.
- (d) The Sudan.

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It was obvious that the reservations made the declaration of independence almost meaningless. The only real change was that martial law was to be suspended and Egypt was to have a Parliament.

Although the British declaration was made in February 1922, it was not until April of the following year that a constitution was signed. During the interval, and for some months afterwards, martial law remained in force. Zaghlul was kept a prisoner in Gibraltar, and other members of the Wafd were imprisoned in Cairo and fined £5000 each on the decision of a military court of inquiry. Others again were arrested and detained in the barracks at Cairo without charge or trial. These attempts to destroy the Wafd organisation were accompanied by the setting up of a series of nominated ministries, under the dictatorship of Lord Allenby, to carry through the drafting of the constitution and election law.

When at last, in April 1923, these had been put through in a form which the British government was prepared to accept (including the provision that the Constitution "does not affect Egypt's obligations to foreign states" and is "without prejudice" to the position in the Sudan) Zaghlul was released. But it was still many months before elections were held. The election law of 1923 established a system of elector delegates, by which every thirty members of the male population over 21 years of age elected a representative who, with others in the same constituency, elected a member of the Chamber of Deputies.

The first elections, held in January 1924, resulted in an overwhelming majority for the Wafd. The figures were—Zaghlulists, 176; Constitutional Liberals, 21; Nationalists, 2; Neutrals,

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15. Up to this point, therefore, the mass of the voters who took part in the elections were solidly behind Zaghlul ; the oppression of British martial law had itself served to keep them there.

But with the consolidation of Egyptian capitalism, which was going on all through the period of Zaghlul's fight for control of the government machine, the divergence of class interests in Egypt was becoming more marked ; and from the moment that the Wafd secured even a limited measure of actual control of the State apparatus, the fact that it was rooted in the Egyptian capitalist class became more and more evident.

CHAPTER IV

THE SUDAN

BEFORE the British occupation of Egypt the vast area of the Sudan, which surrounds the upper waters of the Nile as far south as the present borders of Uganda and eastward to the Red Sea, had been conquered by Egyptian armies. But in the days of the Khedive Ismail, when the Egyptian government and its resources were falling more and more into the hands of foreign bondholders, control of the Sudan amounted to little more than the keeping of Egyptian garrisons at Khartoum and other inland centres. The northern part of the Sudan is inhabited mainly by Mahomedans of Arab race, akin to the Egyptians, while in the south the population is made up of tribes of negro race including a great number of separate groups and different languages. The population is now about seven millions.

The country is rich in fertile areas, and pastoral and agricultural production in the early period were highly developed. Cotton, which was introduced into Egypt in the nineteenth century, had been grown in the Sudan for hundreds of years, and there are records as far back as 1814 of the export of large quantities of cotton cloth woven by the Sudanese.

Soon after the British bombardment of Alexandria and the beginning of the occupation of Egypt (1882) almost the whole area of the Sudan had been brought under the control of a religious-nationalist movement, led by the Mahdi and his

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followers. The Mahdi's troops conquered one district after another; and when an Egyptian expedition, led by the English General Hicks, had been completely wiped out, the British government, through Sir Evelyn Baring, compelled the Egyptian government to agree to the abandonment of the Sudan. General Gordon was employed to carry out the evacuation of the Egyptian garrisons. He was sent to Khartoum, where, in 1884, he was besieged and killed by the Mahdi's forces before the arrival of the British relief expedition, which finally succeeded in removing the Egyptian garrison.

It was a little more than ten years before the question of reconquering Khartoum was raised again. During those ten years German and British interests had agreed on the partition of East Africa; France had secured large areas in the North; Italian, French and British claims had been established in Eritria and Somaliland on the eastern coast, and Italian "influence," with the support of the British Government, was to be extended over the whole of Abyssinia.

At the end of the period (July 1895) a Conservative Government came into power with Joseph Chamberlain as Colonial Secretary.

The British scheme at this time was to encourage Italian penetration into Abyssinia, which offered large markets for European trade, in order to have an ally against possible French interference with British claims further north, and thus to make it easier for the British government to take over the Sudan itself.

The Italian army in Abyssinia had met with heavy reverses, and early in 1896 it was proposed that the British should create a diversion in their favour on the Sudan frontier. Kitchener was then

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Sirdar (commander-in-chief) of the Egyptian army. He was given the command of an Egyptian force, with British officers, which was organised for the purpose of retaking the province of Dongola. By September, after heavy slaughter of Dervishes and hundreds of deaths from cholera among the Egyptian troops, the province of Dongola, as Cromer puts it, "had been reclaimed from barbarism."

During the following year the conquered area was extended over the north-eastern part of the Sudan, including Kassala, which had been taken and then abandoned by the Italians. The French Government made an attempt to check the British advance and to assert French claims by sending an expedition under Marchand to Fashoda.

But with the fall of Khartoum on September 2nd, 1898, British control in the Sudan was assured. The Sudan campaigns of 1896-8 cost £2,354,000 (including the cost of railways) of which the British share amounted to £800,000 and the Egyptian to £1,554,000.

As far as Egypt was concerned the chief result of this victory was that large contributions had to be handed over out of Egyptian revenue to meet the costs of administration in the Sudan. It was several years before enough money was raised by taxation in the Sudan itself to finance the new Government apparatus, and between 1899 and 1912 Egyptian government contributions amounted to over £5 million. In 1927 Egypt was still contributing £750,000.

For British capitalist enterprises the Sudan offered an immense opportunity, and from the first the State machinery could be used to facilitate their operations. The scheme of the "Condominium," which Lord Cromer devised to meet,

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as he explains, the requirements of equity and policy, secured Britain's position as "senior partner" with effective control, while Egypt was allowed to pay the preliminary costs, and to fly the Egyptian flag beside the Union Jack on Government buildings in Khartoum.

Under the terms of the convention signed in 1899 between the British and Egyptian Governments, the Sudan is administered by a Governor-General appointed by Egypt, with the assent of Great Britain. This means, of course, that the Governor-General is always an Englishman. The following description, written in 1914 by Sir Sidney Low, shows how far Egypt has had any share in controlling the administration of the Sudan.

The Sudan is divided into fourteen provinces, each presided over by an English Mudir or Governor, responsible to the Governor-General, who is nominally responsible to the Khedive and to the King; actually responsible to nobody, unless it be to the British Agent in Cairo, who is, in theory, one of the foreign Consuls-General, and in reality the representative of the British Government, which controls the Government of Egypt. (*Egypt in Transition*, p. 48).

Exploitation of the new area began at once. A railway from Wadi Halfa on the Egyptian frontier to Khartoum was built during the period of Kitchener's advance; by 1906 the line from the Nile to the Red Sea had been completed and in 1909 the harbour at Port Sudan was opened. In 1912 railway extensions in the Gezira area were carried out, and bridges were constructed at Khartoum and Kosti; the Makwar (Sennar) dam, begun before the war, was completed by S. Pearson & Sons between 1922 and 1925. The original contract had been given to a certain Alexandrino who absorbed large sums of government money, first for construction which he did not carry out,

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and secondly in compensation for having the contract cancelled. (*Hansard*, March 4, 1923).

In order to carry out new capital works, a number of construction companies have been set up with loan capital guaranteed by the imperial government, on which the Sudan government pays the interest, in addition to the interest on public loans referred to below. These companies include the Kassala Railway Co., The Sudan Construction and Equipment Co., and the Gedaref Railway and Development Co. The debentures of these companies amount to over £4 million. Thus the Sudan government borrows from the imperial government, pays interest out of taxation, direct and indirect, on the peasants, and uses the proceeds (less costs of issue which are always considerable) to purchase iron and steel and engineering products in Britain.

Another company, the *Sudan Light and Power Co., Ltd.*, was formed in 1925 to undertake the operation and extension of all kinds of public services in and near Khartoum; water supply, electric supply, tramways, etc., as well as the construction of a bridge between Khartoum and Omdurman. In this case, too, loan capital (£400,000) is guaranteed by the British government, but the company has an agreement for thirty years by which it shares the profits, though the whole of the undertakings are nominally government property. The company itself was formed jointly by Callenders Cable Co., Dorman Long and the English Electric Co., together with the Prudential Assurance Co., and the Sudan Government. The Khartoum bridge, opened in January 1928, was built by Dorman Long, at a cost of £800,000. (*Times*, January 16 and 17, 1928).

In all these enterprises the Sudan government

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has been used to make the profits of British capital easier and more secure. But the clearest example of the use of the colonial State apparatus, both to get contracts for British firms and to help British capitalists to exploit the native population, is provided by the Gezira scheme and the operations of the Sudan Plantations Syndicate.

According to an official report :—

In 1911 experiments in cotton-growing were started . . . by the Sudan Plantations Syndicate acting on behalf of the Sudan Government. . . . These experiments having proved conclusively that Egyptian cotton of the best quality could be grown commercially in that district, the execution of the Gezira irrigation scheme was sanctioned by Lord Kitchener. (*Egypt*, No. 1, 1920).

In 1913 the *Government of the Sudan Loan Act* was passed by the British Parliament, authorising the Treasury to guarantee interest at not more than $3\frac{1}{2}$ per cent. on loans up to a total of £3 million, partly for irrigation works in the Gezira plain and partly for railway extensions. The floating of the loan was held up during the war, and when the scheme was discussed again in 1919 it was agreed that the scale of the whole enterprise should be enlarged. A second Sudan Loan Act was therefore passed in 1919, increasing the total amount to £6 million, and the area to be irrigated was fixed at 300,000 acres instead of 100,000 as originally planned. In 1926 a new agreement was made with the Syndicate, extending the area to 465,000 acres at an additional cost of £1 $\frac{1}{4}$ million, and total capital expenditure on the scheme was now estimated at £13 $\frac{1}{4}$ million. (*Sudan*, No. 2, 1927).

One of the earlier reports on the Sudan calls attention to the difficulty of securing a sufficient labour supply because "the natives have no wants." (*Egypt*, No. 1, 1909). "It was the usual problem of

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British enterprise in colonial areas ; how to turn the self-supporting peasant into a producer of surplus value for British capital.

The Sudan Plantations Syndicate, of whose Board of Directors Hon. A. M. Asquith became a member soon after the war, was able to organise the exploitation of the Gezira district in the light of experience in other colonial areas. Their requirements were clear—first, possession of the land ; second, a supply of cheap labour ; third, working capital at a low rate of interest. All these the company secured through the Sudan Government.

A scheme was worked out, and embodied in the Gezira Land Ordinance of 1921, by which

the whole of the area should be rented by the Government from its registered owners for a period of forty years, and at a rent of 2/- per acre, and then re-allotted to the actual owners in the form of cultivating tenancies for plots of regular size of 30 acres each (*Soudan*, No. 1, 1924).

Labour for the Gezira scheme was secured by the simple method of allowing the native " owner " to occupy a 30-acre holding on a yearly tenancy, which he was entitled to renew " subject only to his complying with the specified conditions of cultivation." As the owner had previously made a living out of this very land, and had no other means of livelihood, he had no alternative but to comply with the " specified conditions of cultivation."

Under these conditions the former owner, now called the tenant cultivator, would be allowed on his plot of 30 acres to grow 10 acres of cotton, 10 acres of green crop for cattle and as much grain as he required for his own consumption. Of the proceeds of the sale of cotton, after deducting the cost of ginning and marketing, he was to receive

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40 per cent., while the government and Syndicate divided the remaining 60 per cent.

The Syndicate provided itself with working capital by getting a loan of £400,000 from the Sudan Government in October 1919. At that time the company's share capital was still only £135,000; by 1927 it had been increased to £2½ million, including a 100 per cent. share bonus, distributed in March 1926. Dividends for the eight years to 1927 total 203 per cent., the rate for 1927 being 30 per cent. on the doubled capital. The Syndicate controls the Kassala Cotton Company, which by an arrangement with the Sudan Government in 1927 secured a concession of 45,000 acres until 1950. Of the proceeds of the cotton crop, the company and the government divide 60 per cent. between them, while the "tenant cultivators," as in the Gezira scheme, are allowed 40 per cent.

The total value of cotton and cotton seed exported from the Sudan in 1926 was £3 million, nearly the whole of which came from the two areas of Kassala and the Gezira. As a source of supply of long staple cotton for fine spinning, of which Egypt was formerly the only large producer, the Sudan is of increasing importance; while as a market for British manufactures its actual purchases have risen from £2,100,000 in 1913 to £5,200,000 in 1926, of which about £1 million represents machinery, tools and railway equipment.

The total amount of loans on which interest is paid by the Sudan Government is £16,183,000, on which the yearly interest charge of £797,000 is paid out of taxes on the Sudan peasants. In addition to the payment of interest the Sudan Government has built up out of "surplus" revenue a reserve fund, on the lines of the Egyptian reserve

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fund, which is invested in new constructional work. This so-called surplus revenue is drawn not only from direct taxes such as land tax and the animal tax, but also from indirect levies including railway charges and the government sugar monopoly. In the three years, 1924 to 1926, allocations to the reserve fund (practically the whole of which goes year by year to British contractors) amounted to over £1,900,000, compared with a total for the same years of £285,000 spent on education and £359,000 on medical services.

Apart from the immense possibilities of internal exploitation, control of the Sudan is of importance to British imperialism for other reasons. Its coast line covers a long stretch of the Red Sea, which, no less than the Suez Canal itself, is an essential link in Empire communication. It borders the not less important territory of Uganda ; and it is very likely that a condition of future British concessions to Egypt will be the inclusion of the Sudan in the proposed all-British federation of East Africa. But Egypt's own interests in the Sudan, as chapter VI shows, are based on the necessary economic unity of the countries of the Nile, without which full national development is impossible.

CHAPTER V

PEASANTS AND WORKERS

THE great majority of the Egyptian population still belong to the villages and live by agriculture. But this does not mean that the economic system of Egypt has remained unchanged after 45 years of British rule. As already indicated in Chapter II, the peasant is no longer a self-sufficing producer, but has been brought into the world system of capitalist production and exchange. This has naturally brought with it the weakening of handicraft production, though it is by no means extinct. The 1923 Report on Egypt, issued by the Department of Overseas Trade, mentions that thousands of hand looms are still in use in "cottage" production; and pottery, mats, and wood and leather articles are still produced in the villages. But during the past ten years there has been a very marked drift to the towns and a steady development of industrial production. The Census of 1927 shows that while the total population has increased by about 11 per cent. since 1917, in Alexandria the increase has been 34 per cent. and in Cairo 28 per cent. Out of the fourteen million of Egypt's inhabitants more than two million are now concentrated in large towns with over 50,000 population.

The peasant population is being turned into a wage-earning class, employed partly in agriculture on big estates and partly in other industries. The

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total number of persons engaged in agriculture, as the following table shows, increased very little between 1907 and 1917 (much less than the population as a whole, which rose by over 12 per cent.), but its composition showed an extraordinary change.

	1907	1917
Persons engaged in agriculture,	2,258,005	2,387,183
Landowners cultivating their own land—per cent. of total,	21·6`	27·2
Cultivators of land on lease—per cent. of total,	40·4	20·2
Labourers and farm servants—per cent. of total,	36·3	50·4

Thus the tenant farmers, cultivating land on lease, were reduced by half, while the number of agricultural wage-earners was rapidly increasing.

This change is reflected also in figures showing the area and number of agricultural holdings. Compared with the position in 1906 there has been a much greater increase in the number of separate occupiers of holdings up to five acres than in the total area of these holdings. In 1906 the total area in holdings of under 5 acres was 1,264,000 acres divided among about one million occupiers; in 1927 the area was 1,662,000 acres and the number of occupiers was nearly two million. The poorest peasants have been restricted to smaller and smaller areas, although the land under cultivation in Egypt as a whole has increased since 1906 by over a quarter of a million acres. The following table shows the total area and the number of separate holdings of various sizes in 1927. The figures include land held by foreigners, of which practically the whole (526,000 acres) is in large estates of over 50 acres.

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LANDHOLDINGS, 1927.

Size of holdings acres.	Area. Acres.	Per cent. of total area.	No. of separate Occupiers.	Per cent. of all Occupiers.
Und. 1	555,585	9.9	1,391,533	67.0
1-5	1,106,452	19.7	531,324	25.6
5-10	557,522	9.9	81,597	3.9
10-50	1,190,396	21.1	60,665	2.9
Over 50	2,217,546	39.4	12,465	0.6
Total,	5,627,501	100.0	2,077,584	100.0

Between 1917 and 1927 the number of natives with holdings of less than one acre increased from 1,044,000 to 1,389,000. Even including all holdings up to ten acres, the average size per occupier in 1927 was only $1\frac{1}{8}$ th acres, distributed among two million occupiers.

High taxation and high rents, combined with the high price of imported food, have made it more and more difficult for the peasants to get a living out of the land. Rents as a rule are based on the average selling price of cotton of the previous period; and when, as in 1926, there is a sharp fall in the price of cotton, the only possible solution for the tenant cultivator is to abandon his crop to the landlord. The *International Cotton Bulletin*, January, 1927, states:—

This year there have been numerous instances where the tenant has not troubled to pick his crop, but has told his landlord to go and take it, as owing to the decreased yield and the drop in prices the value leaves no margin over the rent to meet the cost of picking.

A letter quoted in the *Egyptian Gazette* of October 28th, 1926, stated that at that time a holding of two acres was let on lease at £25 an acre; the total costs of production for one year,

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including rent, amounted to £68 10s 0d, and the amount realised on the crops (on the basis of the government advance for cotton and the selling price of wheat) was £27.

Under these conditions the peasants are burdened with debt to moneylenders. As far back as 1912 an official inquiry showed that the poorest peasants with holdings averaging one acre had debts amounting to £16 million. The rate of interest charged by village usurers, who were financed by various banks, was from 30 to 40 per cent. The figures were as follows:—

Number of owners,	619,107
Total area of holdings (acres),	619,214
Total debt,	£15,990,660
Average debt per owner,	£25 16s 0d.

(*Egypt*, No. 1, 1912, and No. 1, 1913).

In some districts rent is paid not in money but in labour on the landlord's estate; and debts to the landlord for advances of food, etc., force the peasant into a position of absolute serfdom.

Average production in 1926 was about 400 lbs. of ginned cotton per acre, of which the average export value (after all the charges for ginning, packing, internal transport, etc., had already been added) was about £20, so that the two million peasants with holdings amounting altogether to less than 2½ million acres could not pay rent and taxes, and keep for themselves enough to live on, even if the whole of their land were used for cotton cultivation.

But all those capitalist groups whose profits depend on the price of cotton are interested in keeping prices high; shippers, shipowners, merchants and brokers, as well as landowners, find their charges reduced if the price of cotton falls. At intervals, therefore, since 1915, restriction of

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output has been enforced and of each man's holding only one-third may be used for cotton. In January, 1927, legislation was passed making this restriction compulsory for the next three years.

Factory production in Egypt, both native and foreign-owned, is still in its infancy. The total number of wage-earners, apart from agriculture, is only about half-a-million; and the only large-scale manufacturing industry is cigarette-making. Mining (manganese ore and phosphates), chemical trades, cement making and sugar refining employ fairly large numbers, but by far the largest groups of wage-earners are engaged in transport and in the various subsidiary cotton processes, such as ginning and packing.

Wages, hours and conditions in Egyptian industry are on a level with conditions in England at the time of the first Factory Act; and the economic depression of the peasantry, which has made it easy for the employing class to bring whole families into the factories, has meant that in recent years the workers have been heavily handicapped in their fight for improved conditions.

When trade unionism began to develop in Egypt, after the war and the 1919 rising, the obstacles that had to be faced were enormous. Even in the towns less than a quarter of the population could read and write; the unions had no legal status and could not even have banking accounts of their own; there were no factory acts, no compensation acts, practically no regulation of labour conditions of any kind. Almost the only example of regulation by law was a measure passed in 1909 dealing with child labour in cotton ginning factories. This measure prohibited the employment of children under nine,

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limited the hours of children between nine and thirteen to 8 a day, and established a system of licenses for recruiters of child labour. Its provisions were a dead letter from the first, because there was nobody to see that they were enforced, and the penalties were limited to a fine not exceeding £1 for the first offence and for the second imprisonment up to seven days. Child labour continued to be employed and is still employed for very long hours, both in cotton picking and in ginneries.

The workers were driven by their appalling conditions to turn towards trade union organisation, in spite of the difficulties. Wages after the war had risen much less than the cost of living, which was three times the pre-war cost at the end of 1920, and remained at about double throughout 1921 and 1922. Hours of work in factories and shops were generally 12 a day and often longer.

During 1920, when the sudden drop in cotton prices brought acute distress to the peasants and depression in practically every trade, a series of strikes took place. According to the report of the British Commercial Agent, these strikes affected tramwaymen, workers in various factories (particularly cigarette-makers), shop assistants, clerks, printers, tailors' assistants and the Suez Canal Co.'s employees. Strikes in the cigarette industry arose through the dismissal of workers, owing to the substitution of machine-made for hand-made cigarettes, which meant a reduction in cost of production per thousand from about 4/6 to 4d.

The result is that whereas on 1st January, 1920, the total number of men employed by twelve of the principal cigarette-making firms was 1519, only 318 were in their employ on 30th June, 1921, and in all 150 machines, each

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doing the work of 40 to 75 hand-rollers, have been installed in Egypt. (Dept. of Overseas Trade, *Report on Egypt*, April, 1922).

Hand-rollers could make 1200 to 1500 cigarettes in an 8-hour day, and earned comparatively high wages. Many of them were discharged without compensation and their demand for taxation of machines to provide a fund for compensation was refused by the government.

The Suez Canal strike led to the formation of two branches of the Workers' Union, which were set up with the help of a British organiser, and a number of other unions came into existence about the same time. In the previous year a Labour Conciliation Board had been established by decree (the country being at that time under British martial law) to hear disputes; this gave the unions a kind of recognition, but at the same time it encouraged them to put lawyers and others of the professional class into official positions so that they could carry on negotiations.

In 1922 there were 38 unions in Cairo, 33 in Alexandria, 18 in the Canal Zone and 6 in provincial centres. About a year earlier an attempt had been made to set up a single Confederation of Labour. The first meeting, held in February, 1921, was attended by delegates from 20 trade unions. In this, and in the organisation of new unions, the Egyptian Socialist Party, established in 1920, took a leading part.

The growing power of the unions made it possible for the workers to secure certain improvements in conditions, and during the early part of 1923, while the cost of living remained fairly steady, there were comparatively few disputes; but towards the end of the year prices began to rise again and the general discontent, which had

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been growing under the conditions of British martial law, broke out in a fresh series of strikes, starting in Alexandria. The movement spread to many industries, including government employees, such as telephone operators, and men employed on constructional work. At this time the British Commercial Agent reported that—

It is more than probable that the Labour Associations, whose membership is entirely or largely Egyptian, will use their political influence in securing an early introduction of legislation governing trade unions, and the relation between employers and employed. (*D.O.T. Report*, April, 1924).

No such measure was passed. The Zaghlul government, which came into office, as described above, in January, 1924, had no interest in strengthening the position of the trade unions as working-class organisations. On the contrary, it proceeded to replace the militant unions by organisations under the control of the Wafd, with leaders who were generally lawyers or members of other professions.

All through 1924 strikes continued in Cairo, Alexandria and the Canal Zone, aggravated by the sharp rise in food prices in the later months. In June a strike for better conditions started at the big cement works at Maasareh. When the leaders were dismissed the whole of the workers employed joined the strikers. Police were sent to the factory, and the workers thereupon took possession of the premises which they occupied for 36 hours, declaring their intention to resist if the police tried to turn them out. The police were then withdrawn, and terms were discussed with the company. An attempt was made to negotiate through a Wafd official, but when the workers found that some of their leaders were

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to be refused reinstatement a second strike started (*Egyptian Gazette*, July 5th-August 11th, 1924). The second strike continued for a month. It ended in a compromise, but the whole dispute had given an extraordinary proof of the solidarity and fighting spirit of these newly-organised workers. It led the Zaghlul government to increase its efforts to suppress working-class activity.

The main attack was directed against the Egyptian Communist Party, which had been formed from the Socialist Party in 1922. At the beginning of 1924, according to the *Egyptian Gazette* of July 24, 1924, there were 1500 members of the Communist Party, chiefly in Cairo and Alexandria, and many of them took part in the strikes described above. On July 1st, ten leaders of the Egyptian Communist Party, all of whom had been active in trade union organisation, were committed for trial. After many weeks' delay the trial took place in secret, the publication of reports being prohibited under the Penal Code as a "danger to public order." (*Egyptian Gazette*, October 30th). They were all sentenced to various terms of imprisonment. One of them, Anton Maroun, had been Secretary of the Confederation of Trade Unions and had taken a leading part in the formation of the Workmen's Union of Alexandria. In this union he had helped to organise men employed at oil refining factories who were working twelve hours a day for a wage of 2/- (*Egyptian Gazette*, July 1st, 1924).

Maroun was sentenced to three years' imprisonment and died in prison; the Confederation was dissolved and hundreds of members of unions belonging to it were discharged. The Workmen's Union survived long enough to put forward, in January 1925, a draft law for the protection of

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labour, including the establishment of an eight-hour day, but it never got a hearing.

After the resignation of the Zaghlul government in November 1924 (see Chapter VI) the suppression of active trade unions went on, and the Communist Party was continually attacked. Hundreds of Communists, and of those who were suspected of being their friends, were arrested, imprisoned, deported or dismissed from their jobs, and the work of carrying on trade union organisation became almost impossible.

The fall in cotton prices and the trade depression of 1926, combined with the high cost of living (still 75 per cent. above pre-war), meant greatly increased poverty not only among the peasants but in all sections of the working class. Wages of the most highly-paid grades (clerks and skilled workers) were £5 to £8 a month, and for factory workers 1/- to 4/- a day for a working day of anything from eight to fourteen hours.

These conditions gave rise to a new series of strikes in 1927, which spread from one industry to another through many districts; water and electric supply workers in Alexandria, railway shopmen and silk weavers in Cairo, tobacco workers, employees of the Suez Canal Co., and the Alexandria tramwaymen all came out in support of wage demands. On the whole the workers were successful in gaining advances and the general effect of the strikes was to strengthen the position of the trade unions. But the unions are still small and scattered; one of the largest organisations is the Alexandria Tramwaymen's Union, with a membership of about 2000, while many are small groups, such as the hairdressers, tailors, cab-drivers, etc., who, since the breaking up of the Confederation, are carrying on an isolated struggle.

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An attempt to organise a general trade union conference in the autumn of 1927 was stopped by the government, but in March 1928, a new federation with a membership of about 6000 was set up.

In the Sudan the general standard of living of the working class is even lower. Wages of agricultural workers are about 1/- a day, compared with 9d a day before the war. There is no organisation among these workers and wages have remained at the same level in spite of great variations in the cost of living.

Among the nomad population of the Southern provinces the chief sources of wealth are cattle-breeding and the camel-carrying trade; but here, too, wage labour is being introduced in cotton ginneries and in railway and road transport. Domestic slavery still exists, and slaves in some districts are hired out for wages, the bulk of which goes to the master. This practice is officially disapproved by the British administration, and the punishment for unlawfully compelling any person to labour against his will may include imprisonment up to a year; but a despatch, addressed to the League of Nations, in April 1927, shows that it still goes on. The general attitude of the British administration was described in a memorandum issued by the Sudan government in 1925, which maintained that it was the policy of the government

to do nothing that will delay the natural ending of slavery, but it was not desirable and would not have been fair to other classes of the people in the Sudan to take active steps to produce that result in too short a time. (*Sudan*, No. 1, 1926, and No. 1, 1927).

If slavery or forced labour interferes with the labour supply for capitalist enterprise it must be

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abolished (as in Egypt) ; if not, there is no need for haste, or for undue interference with slave-owners who may help or hinder the British employer in getting Sudanese natives to become wage-earners.

Both in Egypt and the Sudan the question of first importance is the organisation of the wage workers and peasants. Militant trade unions are already springing up again in the towns, in spite of repressive measures ; but the agricultural workers and peasants have no organisation, though their economic needs found expression in the risings of 1919. The building up of a peasant movement on the basis of an agrarian programme would bring an immense accession of strength to the anti-imperialist forces.

CHAPTER VI

THE STRUGGLE FOR INDEPENDENCE

FROM the time when the Zaghlul Government took office in 1924, the Egyptian struggle against British imperialism entered on a new phase, marked by a closer concentration of Egyptian capitalist forces and a growing rivalry with British interests. The conflict has shown itself in a series of political crises, in which the imperialist government, whether in the hands of a Labour or a Conservative Cabinet, has crushed every attempt by the Egyptian Nationalist Movement to give any meaning to the so-called independence of Egypt.

In Chapters II and III we have indicated the general nature of British interests in Egypt and the Sudan, and the various means by which the labour of the peasants and workers is exploited by British capital. The sum total of the British drain on Egyptian production cannot be stated exactly, because full statistics are lacking, and within even those items which can be stated it is not possible to say how far the exploitation is accruing to British, French, Belgian or other groups. Nevertheless such figures as are available are of considerable interest.

In the first place there is the service of the debt, still amounting to over £91 million, and requiring an annual payment of £3½ million for interest, in addition to the sinking fund payments put aside from each budget as "reserves," which vary from £2 to £4 million. Then there is the further profit extracted in the utilisation of these reserves.

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As already explained, the sinking fund is not used to reduce the debt, but to extend railway and other constructional works. This is useful to the imperialist contractors, first in providing a market for heavy industry and thus enabling surplus value to be created by British workers and absorbed by their employers and the banks; and secondly, because the contractors carry out a large proportion of the work in Egypt itself, directly exploiting the cheap labour available. The giving of contracts for railways and irrigation works and bridges is reported from time to time in the press; an illustration of the large numbers directly employed on such contracts is given in the official report, *Sudan*, No. 2, 1924, which states that on the Gezira scheme, "the contractors (Messrs. S. Pearson & Son, Ltd.) have no less than 17,000 labourers at work. The great majority of these are Saidis brought up from Egypt."

From these contracts profits flow in to many capitalist groups besides the contractors—the shipping companies, the merchants handling supplies for the work and for the workers engaged on the job, the insurance companies and the banks. The total volume of the work is indicated by the fact that State expenditure on new work was estimated at £6,324,000 in 1927-28, and £7,915,000 in 1928-29.

Then there is the Suez Canal. Important as this is from a strategical standpoint and as a vital link in British communications with India and the East, it is also a very important source of profit for its shareholders. The annual payments of dividend and interest run into some £7 million; the total capital involved is about £17 million; the Ordinary Shares amounting to £7 million, are now calculated to be worth over £65 million, as dividends range from 50 to 80 per cent.

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The National Bank of Egypt was formed in 1898; its total capital and reserves now exceed £5½ million; its net profits rose from £220,000 for 1913 to £614,000 for 1927, its dividend for the latter year being 17 per cent. Its total advances and discounts are over £15 million. The National Bank of Egypt set up the Agricultural Bank of Egypt, which now has total capital and reserves exceeding £9 million. It also set up the Bank of Abyssinia, which has a monopoly of note issues and minting in Abyssinia. The English directors of the National Bank of Egypt and the Agricultural Bank are associated with 29 other concerns, many of which are trust and finance companies operating all over the world; the Bank of England is represented on the London Committee of the Bank of Egypt by Lord Cullen of Ashbourne. Mr. E. W. P. Foster, who is a director of both the National Bank of Egypt and the Agricultural Bank, is also on the board of Egyptian Delta Light Railways, Ltd. (the capital and reserves of which exceed £2 million); on its board are also Field-Marshall Viscount Allenby and F. G. Bonham Carter (it will be remembered that Hon. A. M. Asquith is a director of Sudan Plantations Syndicate).

Oil interests are represented by the Anglo-Egyptian Oilfields Ltd., associated with the Royal Dutch-Shell, with capital and reserves exceeding £3 million.

Apart from such large concerns, there are numbers of smaller companies in which British or other foreign capital is largely concerned, such as the Associated Cotton Ginners of Egypt Ltd.; the Sinai Mining Co. (manganese); Egyptian Consolidated Lands Ltd.; various subsidiaries of British tobacco companies; local gas, water and

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electricity companies, etc., besides shipping and coaling companies with businesses in Egyptian ports, and the important insurance concerns; according to Murray Harris (*Egypt under the Egyptians*) 90 per cent. of the insurance business in Egypt is done by British firms.

In his 1911 estimate of British capital invested abroad, Sir George Paish, on the basis only of public issues, put British capital in Egypt at £44 million (*Statistical Society Journal*, January 1911). This was exclusive of private capital such as purchase of land, loans, deposits, branches of British concerns, and merchant and trading concerns. The total of these was very large, and probably was at least equal to the public issues. In *The Economic Problems of Europe* (1928), Phillips Price, rejecting other estimates as too low, says that at least £100 million of British capital is now invested in Egypt. This figure also appears to be far too low. The *Stock Exchange Year Book* (1928) contains particulars of Egyptian Government loans, banking and mortgage companies, and other concerns operating entirely in Egypt, representing an aggregate capital, including accumulated reserves, of £195 million. While it is impossible to say exactly how much of this total is held by British interests, generous estimates of Egyptian, French, American and other participation in certain important loans and concerns only account for some £80 million of the total, leaving approximately £115 million as purely British capital. The *Stock Exchange Year Book* also shows £25 million in Sudan loans and concerns, all of which would be British capital. All of these figures refer only to public issues and public companies operating as distinct concerns in Egypt and the Sudan. The capital employed in Egypt.

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and the Sudan by British banks such as Barclays (Dominions Colonial and Overseas), insurance companies, shipping, coaling and engineering companies, and the innumerable private finance, mortgage, merchanting and other concerns, is not included; nor is the British capital participating in French and Egyptian companies. A total of £200 million of purely British capital seems therefore to be a reasonable estimate. Taking into account the high rates of profit current in Egypt and the Sudan, it is fairly safe to say that the total annual drain taken from their production by British imperialists must exceed £20 million.

Concessions to the Egyptian capitalist class by British interests must inevitably be restricted by the actual nature of those interests, including as they do not only the various forms of exploitation described above, but also the holding of the Suez Canal as the highway to India and the East and of important air-route positions, including the new air-port at Cairo. Imperialism cannot afford to relax its hold on the Egyptian State machine; any slackening of control at this point means weakening the whole system.

Yet as Egyptian capitalism grows stronger the demand for concessions becomes more insistent, and the difficulties of imperialism are intensified by the need both to conciliate certain sections of Egyptians and to maintain British rule.

The strengthening of the Egyptian capitalist class has been particularly evident since the war. It is stated that by the end of 1924 more than half of Egypt's public debt was held in Egypt (though not necessarily by Egyptians) and the government Finance Committee drew attention to the fact that the increasing excess of exports over imports reflected an increase in purchases from abroad of

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Egyptian bonds and the securities of Egyptian companies. The Association of Egyptian Industries, which started with a membership, mainly foreign, of 35 companies, by 1924 included 80 firms, with a combined capital of £25 million, many of the companies being purely Egyptian. New enterprises, owned by Egyptian capitalists, enter more and more into competition with British-controlled concerns; in 1926 a number of cigarette-making concerns were absorbed by British capital, and early in 1927 an Egyptian company increased its capital from £25,000 to £1½ million with the object of buying out the principal cigarette manufacturers in Egypt. In the same year the Egyptian-owned Misr (Egypt) Bank, jointly with other Egyptian capitalists, set up four purely Egyptian companies of which the largest, with a capital of £300,000, is to start a cotton spinning and weaving enterprise with factories in one of the cotton growing areas. Another is a silk-weaving company, and already the growing manufacture of cotton and artificial silk piece goods in Egypt is reflected in increased yarn imports and a falling quantity of imported piece goods. (Department of Overseas Trade *Report on Egypt*, May 1928).

The Kattara hydro-electric scheme, which was under discussion in 1928 (and would involve an expenditure of some £13 million in constructional work) was supported by the Egyptian Surveyor General because it would "make it possible to create new factories and to make Lower Egypt gradually depend on native industries." (*Times Trade Supp.*, June 2, 1928).

The Egyptian capitalist class has used its parliamentary powers, since the election of 1924, to pass such measures as the company law of 1927, which provides that every company must have at

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least two Egyptian directors and a fixed proportion of the capital must be reserved for Egyptians ; the abolition in 1925 of the excise duty on cotton-piece goods made in Egypt ; the exemption of other local products from customs dues ; and the law passed in September 1927, giving special privileges to Co-operative societies whose membership is purely Egyptian. Early in 1927 the Association of Egyptian Industries submitted a programme to parliament, providing for an increase in protective duties ; the extension of agriculture to include the industrial cultivation of flax, jute, silk, etc., and preference for national products in public contracts, together with preferential rates on the railways.

Finally, there is the question of the Sudan, which becomes more urgent as the industrialisation of Egypt develops. Control of the Sudan means control of the Upper Nile, and therefore of the life-stream of Egypt. A hostile power in the Sudan, as British authorities pointed out during the Mahdi campaigns, could subdue Egypt at any time by changing the course of the Nile. But this is not all. Egypt is largely dependent for food supplies on the cattle and sheep of the Sudan, and the expansion of Sudan cotton production is bound to affect conditions in Egypt. Further, the future industrial progress of Egypt, which has no coal and only very limited supplies of oil, must be based on the use of electricity supplied by water power. In 1927 the Egyptian Government decided to investigate a scheme for electrification in connection with the Assuan dam ; and British schemes, such as the proposed new dam at Gebel Aulia in the Sudan, may interfere with such developments. It is clear that economically Egypt and the Sudan are inseparable and that Egyptian

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interests are seriously threatened by British control of the Sudan.

These economic conditions form the background and explain the meaning of the constant political crises in Egypt since 1924. The first conflict arose over the Sudan. Zaghlul became Prime Minister in Egypt at the same time as MacDonald in England, and very soon there were rumours that interviews were to take place between the two on the basis of that "free discussion" of the reserved points which was provided for in the 1922 declaration. Zaghlul, who had hesitated about taking office under existing conditions, did so in the belief that a British Labour government would support the movement for Egyptian independence. (*Morning Post*, January 28, 1924). But before the interviews began, Lord Parmoor, speaking on behalf of the Labour government, said in the House of Lords, that—

"The Government was not going to abandon the Sudan in any sense whatever. . . . There was no going back, at this stage, on the policy towards Egypt itself, which had been adopted for a considerable time and by successive Governments." (*Times*, June 26th, 1924).

Zaghlul in the Egyptian Parliament replied that this policy was not new, but that—

"What was new to Egypt was that the policy was now approved by a Labour Government which had always been opposed to imperialist principles." (*Times*, June 30th, 1924).

Almost immediately the old policy of repression was put into practice by the MacDonald Government in the Sudan, where nationalist agitation was growing stronger. In July, an ex-officer of the Egyptian army, who had been organising the nationalist movement at Khartoum, was arrested and sentenced to three years' hard labour. This

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arrest was followed by demonstrations of soldiers in the Egyptian Railway Battalion at Port Sudan and Atbara, and of cadets of the military school at Khartoum. The men of the Railway Battalion were surrounded by British and Sudanese troops, and the Sudanese were ordered to fire. According to official reports the British were not present at the time of the firing, but this was denied in Egyptian reports. The quarters of the Khartoum cadets were picketed by British troops, and ten of the leaders were arrested. Of these five were sentenced to five years' imprisonment and two to two years' each. The Sudan Government refused to allow Egyptian lawyers to defend the prisoners.

The liners *Moldavia* and *Yorkshire* were retained by the British (Labour) Government for the transport of troops if required, and troops at Malta were ordered to be in readiness to proceed to Egypt. The cruiser *Weymouth* and the sloop *Clematis* were sent to Port Sudan, and the battleship *Marlborough* to Alexandria. (*Manchester Guardian*, August 14th and 15th, 1924).

According to the *Birmingham Post* (quoted by the *Egyptian Gazette* of August 16th), Mr. MacDonald, Lord Allenby and Sir Lee Stack, the governor-general of the Sudan who was then in England, had met and "agreed on precautionary measures to be taken to avoid further disturbances." On August 23rd, it was announced that the Air Force was preparing landing grounds "to enable aeroplanes to visit unsettled areas," and the next day British reinforcements arrived at Khartoum. (*Egyptian Gazette*, August 25th, 1924).

It was just a month after this (September 24th) that the meetings between Macdonald and Zaghlul began in London. Nothing came of them. Zaghlul who was accompanied by Nahas, the Prime Minister

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of 1928, refused to abandon any part of the Wafd programme and was particularly firm in regard to the Sudan. His proposal that the question of the Suez Canal should be referred to the League of Nations was rejected by MacDonald. (*Herald*, October 9 and 11, 1924).

"From Egyptian sources we learn that, in place of this proposal, MacDonald suggested an "alliance," or even leasing to the British Government the territory bordering on the canal. In the conversations MacDonald warmly took up the cause of the holders of Turkish Government bonds, who had "suffered" owing to Egypt ceasing to be a vassal of Turkey and therefore refusing further payments on these bonds. MacDonald also complained of the Egyptian Government's "hostile attitude to British officials." (*Egypt's Ruin*, 1925 edition, chapter 26).

On October 4, the conversations came to an end, and on October 7, MacDonald sent a dispatch to the British High Commissioner in Egypt, in which he used exactly the same defence of British rule in the Sudan that Sir Edward Grey had used about the continued occupation of Egypt in 1910.

"Since going there they (the British Government) have contracted heavy moral obligations by the creation of a good system of administration; they cannot allow that to be destroyed; they regard their responsibilities as a trust for the Sudan people; there can be no question of their abandoning the Sudan until their work is done." (*Egypt*, No. 1, 1924).

Sir Lee Stack returned to Egypt on his way to Khartoum. He was shot in Cairo on November 19th, and died two days later. The Baldwin government, which had come into power three weeks before, immediately sent an ultimatum to Egypt, demanding among other things, an indemnity of £500,000, the vigorous suppression of all political demonstrations, the withdrawal of Egyptian troops and officers from the Sudan, the maintenance in Egypt of British financial and

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judicial "advisers" and British officials in the Ministry of the Interior, and *the indefinite extension of the Gezira irrigation area*. Zaghlul rejected the three last conditions. British troops seized the Alexandria Custom House, battleships and destroyers were sent to Alexandria, Port Said and Suez; Zaghlul resigned and the Egyptian parliament was dissolved. Once more a nominated ministry was put into office, this time with the banker, Ziwer, notoriously pro-British, as Prime Minister. It appears from reports published afterwards that the plans approved by MacDonald in anticipation of the failure of his negotiations with Zaghlul included both the ultimatum subsequently used by the Baldwin Government in connection with the shooting of Sir Lee Stack, and the Baldwin Government's Note of November 19 to the League of Nations—refusing Egypt the right to appeal to the League on the "reserved subjects." (*Egypt's Ruin*, 1925 edition).

In March 1925 an attempt was made to restore the semblance of parliamentary rule. With elaborate restrictions of meetings and publications, and after the voting lists (according to the Wafd) had been revised so as to reduce the number of Zaghlulist voters, elections were held, in the hope that the Ziwer Ministry would get a backing in Parliament. But as soon as the new Chamber met it was obvious that the Wafd had a clear majority. Ziwer at once resigned, and the same night King Fuad dissolved Parliament. No reason was given.

For more than a year Egypt was without a parliament. A commission was set up to draft a new election law, reverting to the indirect vote and property qualification which had been abolished by the "Zaghlul Law" (universal suffrage) of the

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1924 Parliament. A close watch was kept on the activities of the Wafd; numbers of arrests on suspicion took place. According to statistics given afterwards in the Chamber of Deputies, in the year 1925 700 persons were kept in prison for over six months awaiting trial, and 3000 for over three months, all of whom were afterwards found not guilty. (*El Balagh*, organ of the Wafd, quoted in *Egyptian Gazette*, August 13, 1926).

This campaign of repression brought about a temporary unity of all the opposition parties against the servile policy of the Ziwer Ministry. In November 1925, a meeting of the three anti-government parties, Zaghlulists, Liberal Constitutionalists, and Nationalists (Watanists), sent a manifesto to King Fuad, calling on him to res- summon parliament. The growing signs of popular agitation induced the British to offer and Zaghlul to accept an arrangement. The Ziwer Ministry's electoral law was withdrawn; and elections were held in May 1926 on the basis of the Zaghlul Law. The results of these elections were—Zaghlulists, 142; Constitutional Liberals, 28; Ittihadists (Unity Party), 7; Watanists (National Party), 5; Independents, 18. Of these groups the Constitutional Liberals and the Ittihadists represent those Egyptian capitalists who are most closely associated with British interests, while the Watanists are left wing nationalists who have criticised the political compromises of the Zaghlulist leaders.

The British government made it clear, through Lord Lloyd, that Zaghlul would not be allowed to become Prime Minister, and signs of resistance from the Wafd were met by the usual display of force. The battleship *Resolution* was ordered to Egypt on June 2nd. On June 3rd, Zaghlul

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announced that he would not take office, and on June 7th, a coalition was set up with Adly Yeghen (a Liberal) as Prime Minister. But neither this Cabinet nor its successor under Sarwat fulfilled the object which the British government hoped to achieve: the signing of a treaty that would bind Egypt to recognise the British claims of 1922. On this the Wafd stood firm, though each attempt to extend its real power led to forcible intervention by the British, compromise by the Wafd leaders, and then a repetition of the whole process.

In 1927 a crisis arose over a proposal to increase the strength of the Egyptian army and to abolish the credit for the office of commander-in-chief (Sirdar), always held by an Englishman. After the customary dispatch of British warships to Egypt the proposal was withdrawn, Zaghlul himself having spoken in favour of submission. Sarwat, the friend of British interests, became Prime Minister, and in the autumn of 1927, after the death of Zaghlul, entered into conversations in London with Sir Austen Chamberlain. A draft treaty was actually arrived at and submitted to the Egyptian government in March 1928. The draft contained no reference to the Sudan, but provided for the maintenance of British troops in Egypt and the continued appointment of financial and judicial advisers "in agreement with" the British Government. (*Egypt*, No. 1, 1928).

The treaty was rejected by the Wafd and the Egyptian Cabinet, and Sarwat resigned on March 4th. He was succeeded by Mustapha Nahas, leader of the Wafd since Zaghlul's death. The British Government at once reverted to the policy of intimidation, and sent a note formally protesting against a bill to amend the Public Assem-

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blies Law, which was approaching its final stages in the Egyptian Parliament.

Nahas replied that the British claim constituted a "perpetual interference with the internal conduct of Egyptian affairs" and at first refused to withdraw the bill. An ultimatum was sent on April 21st demanding an assurance within three days that the bill would be stopped. Warships were ordered from Malta to Alexandria and Port Said the same day and it was reported in the press (April 30th) that preparations were being made to seize the Alexandria Custom House, as in November 1924. Under these renewed threats of violence the Wafd gave way. The bill was postponed, with a formal protest against the British claim to intervene in Egyptian legislation on the basis of the British declaration of 1922, which "by its very nature could neither bind nor compel the other party." (*Egypt*, No. 2, 1928).

On June 25th the Nahas government was dismissed by King Fuad; a Liberal, Mahmond, was put into office, and immediately afterwards Parliament was prorogued for a month. In Egypt it was at once recognised that this manoeuvre was part of the British attack on the nationalist movement, the object being to get rid not only of a cabinet which was "a thorn in the throats of the enemies of independence," but of the parliamentary system itself. (*Egyptian Gazette*, June 18th, 1928).

A month later this purpose was achieved. On July 19th, 1928, the Egyptian parliament was suspended for three years; the constitutional difficulty was disposed of by suspending the clause which lays it down that the provisions relative to the representative Parliamentary regime cannot be revised, together with the clause providing for freedom of the press. Within a few weeks hun-

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dreds of newspapers were suppressed, meetings of the Wafd were prohibited and a complete dictatorship was established.

This was the position in the autumn of 1928 ; but it is evident that no solution of the Egyptian problem has been reached. For imperialism there can be no solution, because the satisfaction of its own needs inevitably fosters the growth of native capitalism, brings into being a native working class, robs the Egyptian peasantry of the very means of existence and thus strengthens the forces which are drawn into the anti-Imperialist struggle.