



From left to right

<i>Top row</i>	<i>Bottom row</i>
Kautsky	Hilferding
Bukharin	Schumpeter
Hobson	Fanon
Engels	Trotsky
Marx	Rosa Luxemburg
Lenin	Galiyev

**Studies in
the theory of
imperialism**

EDITED BY ROGER OWEN & BOB SUTCLIFFE



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Roger Owen

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a theory of imperialism provides a way of organising what factual historical material is available; and in this way it gives a pattern to the events. So there are two approaches: on the one hand, facts are being used to test the theory; on the other hand, the theory is being used to organise the facts.

In the first two case studies—Owen on Egypt in the nineteenth century and Patnaik on India, largely in the twentieth century—the second approach is uppermost. Both of them find that the Marxist theory, or aspects of it, provide a more or less satisfactory basis for making the events coherent. For Egypt, Owen argues that there are a few important areas, including the role of the state, where existing theory is inadequate; for India, Patnaik finds it necessary to add more analysis of the Indian bourgeoisie and of the state than the theory directly provides. In the case of Guinea, Johnson is combining the two approaches: on the one hand, he tries to fit Guinea into the pattern of world capitalist expansion; and on the other, he compares what happened in Guinea to an implied paradigm of events; Guinea appears not to be very close to this paradigm; but the history of its involvement in imperialism is in no way inconsistent with the Marxist theory.

In the other three papers the first approach is uppermost. The Marxist theory or an implied version of it is not being used, but is in a sense being tested. In the Congo, Stengers argues that the facts and Leopold's motives do not fit the pattern implied by the theory; but that this is no reason to think that the theory does not work better elsewhere. The Congo is an exception: it does not prove the rule, but nor does it disprove it. French motives in Africa were also, according to Kanya Forstner, a long way from those implied in the theory; and he concludes that theory is more or less irrelevant to the events he describes. British motives in South America were economic enough; but, Platt argues, the political behaviour of the British was quite different to what the theory would lead us to expect. In this case he believes the facts to be inconsistent with the theory; it should be regarded therefore as an exception which does something to disprove the rule.

VIII

Egypt and Europe: from French expedition to British occupation

Roger Owen

The absorption of a country as a dependent state within the imperialist system was more protracted than dramatic occupations, like that of Egypt in 1882, might suggest. In Egypt it involved a long term transformation of the economy. Efforts to use the state to promote independent industrialisation failed as the economy was dragged into the international division of labour; and, as in India, the state lost its autonomy in relation to outside powers (see Patnaik, IX).

Owen argues that much of what happened in Egypt in the nineteenth century is well accounted for in the theories of Marx, Hobson, Luxemburg, Hilferding and Baran. But there remain three areas where the theories do not provide an adequate framework: the role of the metropolitan states in relation to their capitalists, the nature of the Egyptian state and the changes in the Egyptian social structure which imperial penetration produced.

The bombardment of Alexandria and the invasion of Egypt by British troops in 1882 roused something of the same passions that were later to be let loose by the Anglo-French attack on Suez in 1956. Government policy was bitterly attacked in Parliament by Radical and Irish M.P.s. It was also the subject of hostile comment in a series of books and pamphlets such as J. S. Keay's *Spoiling the Egyptians*. A minister, John Bright, resigned from the cabinet in protest.

Among the opponents of the attack on Egypt a single theme predominated: the assertion that it was undertaken to insure that the Egyptian government continued to pay the interest on the country's large external debt. 'It is a stock-jobbers' war', wrote one of John

Bright's friends, 'we shall very likely have more of this sort of thing.'¹ For the first time in Britain's history it was the financial community rather than the soldiers or colonial officials who were held to be chiefly responsible for an act of imperial expansion. This point of view was soon to become the stimulus to a new and more radical critique of empire which paid increasing attention to the notion that colonies were obtained because they were a source of profit to certain groups of businessmen and financiers, one which found its most vigorous exponent in J. A. Hobson, whose *Imperialism: a study* appeared in 1902. The invasion of Egypt thus occupies a central role in the genesis of theories of capitalist imperialism.

It was for reasons of this same type that the invasion continued to be seen not merely as just another example of European expansion but as one of its classic cases. As such it has an important place in the books of early writers on capitalist imperialism like Hobson² as well as those who have continued to write in the same tradition, such as John Strachey.³ It follows that the invasion also occupies a central position in the works of writers like Robinson and Gallagher⁴ and D. C. M. Platt⁵ who are concerned to demonstrate that Egypt was taken for strategic rather than economic motives. Once the British occupation was presented as one of the prime exhibits of nineteenth-century imperialism it was inevitable that it should become a battleground for rival theories.

Whether this is a particularly fruitful way of looking either at the phenomenon of imperialism or at Egyptian history is another matter: my belief is that it is not. It is a major argument of the present case study that the British occupation cannot be studied in isolation, that it can only be understood in terms of an important series of developments which had been taking place since 1798, most of which were related to the transformation of the economy as a result of the policies of the Egyptian state and of its incorporation, as a producer of raw materials, within the European economic system. Seen in these terms an analysis of the relations between Egypt and Europe in the nineteenth century becomes a very different type of case study from these which concentrate simply on the events leading up to the British occupation. It is concerned with changes in the character of European

economic expansion over many decades and with the impact of these changes on all sections of Egyptian society. Again, it involves a study of the crisis of the years between bankruptcy in 1875 and occupation in 1882, not so much in its own terms but rather as one of those periods in which, under the pressure of events, basic processes of economic and social change are laid bare for our examination.

An approach of this type has a number of advantages. It allows us to focus attention on one of the special characteristics of nineteenth-century imperialism: the way in which, in many cases, the colonisation of an African or Asian territory was preceded by a breakdown of local political and social institutions resulting from a period of enforced contact with the European economy. Again, it enables us to take a new look at major works on the theory of imperialism to discover which of them provide useful guidance not simply about the occupation of Egypt but also about the whole character of European expansion and its effect on non-European societies. In addition, such a study is made more interesting by two other considerations. First, Egypt contained what was certainly one of the most varied societies which Europe encountered in Africa. This was partly a function of the fact that there had been settled life in the Nile valley for so many thousands of years. Furthermore, Egypt had always stood across important routes of international trade. It had been occupied many times and incorporated in a series of world empires. In the early Middle Ages it was Egyptian merchants who had introduced such vital commercial techniques as the bill of exchange to Europe. Even in 1798, when little of its former political or economic importance remained, when Napoleon is credited with having reintroduced the wheeled carriage to Egypt, its long history continued to be reflected in the fact that it contained one of the oldest universities in the world, a complicated system of municipal organisation, a high degree of commercial consciousness and an agricultural population, many of whom were well used to growing cash crops for export or for sale in numerous market towns. Second, more information exists about nineteenth century Egypt than about almost any other African or Asian country. From the *Description de l'Égypte* produced by the scholars of Napoleon's expedition and the works of the great Egyptian historian al-Jabarti to Ali Mubarak's voluminous encyclopaedia, *al-Khitat al-Taufiqiya al-Jadida* and the works of contemporary Egyptian writers like Anouar Abdel-Malek, there are a vast number of books by authors anxious to trace the impact of Europe on Egyptian society. In addition, there is a wealth of material in the Egyptian,

1. G. M. Trevelyan, *The Life of John Bright*, 2nd edn, (London, Constable, 1925), p. 434.
2. Hobson, *Imperialism: a study* (London, Nisbet, 1902), p. 54-5, 108, 199.
3. *The End of Empire* (London, Gollancz, 1959), pp. 97, 118.
4. *Africa and the Victorians* (London, Macmillan, 1961), ch iv.
5. *Finance, Trade, and Politics*, (London, Oxford Univ. Press, 1968), pt iii, ch vii.

Turkish and other government archives.

What follows is a brief analysis of the major economic and social developments in Egypt between 1798 and 1882. It will begin with a description of the transformation of the economy. There will then be an account of changes in the position of certain important social groups inside Egypt. Finally, it will conclude with a schematic account of the prolonged crisis of the years 1875 to 1882.

1. The transformation of the economy⁶

Egypt in 1798 was a country of some 2,500,000 to 3,000,000 people, of whom perhaps a tenth lived in Cairo, far and away the largest city. The great bulk of the population worked in agriculture. In Upper Egypt peasants concentrated on the cultivation of winter cereals watered by the annual Nile flood. But in Lower Egypt (the Delta) one-eighth or so of the cultivated area was devoted to the production of high value crops like flax and short-staple cotton which required larger amounts of capital and a more complex system of irrigation to provide them with water through the summer months when the river was at its lowest. Another difference between Upper and Lower Egypt lay in the fact that in the Delta taxes often seem to have been collected in cash rather than kind with the result that cultivators were forced to sell a portion of their harvest in the nearest market. For this and other reasons most peasants in the Delta had some experience of operating on the fringes of a money economy, while in a number of areas cash seems to have been as important as custom or tradition as a basis for rural relations.

Meanwhile, the towns served as markets for rural products as well as centres for the production of those manufactured articles, notably linen and silk, which required greater skill, capital and organization than could be provided at village level. Some of the larger ones were also important centres of consumption of the luxury goods which made up the greater part of the merchandise which then entered international trade.

By the end of the eighteenth century the power of the government was weak. Not only was the central administration unable to maintain

6. cf. G. Baer, *A History of Landownership in Modern Egypt 1800-1950* (London, Oxford Univ. Press, 1962); A. E. Crouchley, *The Economic Development of Modern Egypt* (London, Longmans, 1938); A.-M. Hamza, *The Public Debt of Egypt 1854-1876* (Cairo, 1944); E. R. J. Owen, *Cotton and the Egyptian Economy 1820-1914* (London, Oxford Univ. Press, 1969); and S. J. Shaw, *Ottoman Egypt in the Age of the French Revolution* (Cambridge, Mass., Harvard Univ. Press, 1964).

security in country areas or to supervise the upkeep of the major canals but it had also virtually lost control over the system of rural administration and tax collection. As a result the bulk of the agricultural surplus did not reach the government treasury but remained in the hands of a caste of hereditary tax-farmers who used it largely to provide themselves with the private armies they required in their endless struggles with one another for wealth and power.⁷

In the early years of the nineteenth century this predominantly agricultural economy was acted on by two new sets of forces. One was the efforts of a series of rulers—Muhammad Ali (1805-49), Said (1845-62), and Ismail (1863-79)—to modernise the army and the bureaucracy or, as they saw it, to lay the foundations of a modern state. The other was the impact of the expanding European economy, first through increasing trade, then through the export of European capital. Let us take them in order.

Muhammad Ali. Once he had seized power in 1805 Muhammad Ali's basic aim was to preserve his own rule by building up a large army and navy. During the first years of his regime he relied almost exclusively on foreign mercenaries. But during the 1820s he began to recruit native Egyptians and by the early 1830s he may have had as many as 100,000 men under arms. Such an army obviously required large sums of money and he was quick to see that the key to this was to increase the amount obtained from the land tax by replacing the tax-farmers with a system of direct collection by government agents. This had the further advantage of destroying alternative centres of political power and allowing the government to put an end to the anarchic conditions in the countryside. In addition, further sums were raised by an extension of the state monopolies to cover almost every type of agricultural produce. Crops were taken from the peasants in lieu of taxes and sold abroad on government account, leaving the cultivator little more than enough for bare existence. Finally, a labour tax, the *corvée*, was imposed on every adult male. In this way Muhammad Ali sought to perfect a system by which the government was able to appropriate the greater part of the rural surplus, using it either for military purposes or for an ambitious attempt to develop the country's resources. Unlike his predecessors Egypt's new ruler

7. cf. S. J. Shaw, *The Financial and Administrative Organisation and Development of Ottoman Egypt 1715-1798* (Princeton Univ. Press, 1958), pp. 62-3, 95 and A. Raymond, 'Essai de géographie des quartiers de résidence aristocratique au Caire au XVIIIème siècle', *Journal of the Economic and Social History of the Orient*, 6 (1963), p. 84-5, 95.

seems to have been fully aware of the fact that a continuous increase in government revenues was impossible without a continuous expansion of economic activity. It was for this reason that he was so anxious to encourage the introduction of new crops like long-staple cotton which had a growing market in Europe, to build new canals, and to improve communications. Later, in an effort to reduce imports, Egyptian textile workers were taken from their workshops and placed in government factories producing cotton cloth (much of it for army uniforms) with European machinery. Meanwhile an increasing number of young Egyptians were sent abroad to learn the most modern industrial techniques.

However, Muhammad Ali's attempt to set the state at the centre of the development of the Egyptian economy soon proved too much for the country's rudimentary system of administration and from the late 1830s onwards factories began to be closed or handed over to private individuals and much of the land assigned to senior officials and members of the royal family who themselves were made responsible for supervising agricultural production and collecting taxes. This process was hastened by the Anglo-Turkish Commercial Convention of 1838 which outlawed state monopolies and established a low external tariff of 8 per cent. Three years later the size of the Egyptian army was reduced, by order of the Ottoman government, to 18,000 thus depriving Muhammad Ali of a protected market for the products of his factories. As a result further industrialisation was made very much more difficult while, once Egypt's ruler was finally forced to abandon his monopolies in the mid-1840s, the government lost the considerable sums it had derived from its control over agricultural exports.

European commercial expansion. Muhammad Ali's attempts to develop the economy required European assistance and European markets, but he was anxious to reduce the impact of Europe to a minimum. European merchants were confined to Alexandria and forbidden to make contact with the peasants in the interior. Professional schools were established and young Egyptians sent abroad in order to reduce the need for European technical expertise. Strenuous efforts were made to replace European imports with locally manufactured goods. This policy came to an end in the 1840s, however. As a result of European political pressure, first at Istanbul, then on Egypt itself, the country was rapidly opened up to foreign trade, a process which was undoubtedly assisted by Egypt's own large landed proprietors who were

anxious to end the monopoly system so that they could sell their produce direct to European merchants rather than to the government. The export of cotton increased by 300 per cent between 1840 and 1860 as moneylenders established themselves throughout the Delta to provide the credit previously supplied by the government, as steam gins were introduced, and as the first railway was built linking Cairo with Alexandria. This paved the way for the rapid expansion of production during the American Civil War (1861-65) when the area placed under cotton increased five times and the size of the harvest by four. Meanwhile, the growing importance of the close ties which were being developed with the British economy can be seen from the fact that between 1848 and 1860 Egypt rose from twenty-sixth to twelfth place as a market for British exports while between 1854 and 1860 it moved from being the tenth most important supplier of British imports to the sixth.

European financial expansion. Increasing trade with Europe was followed by a rapid growth in the import of capital. During the 1850s the first European banks were established in Alexandria. At the same time the construction of more public works, further modernisation of the army and of the bureaucracy, and, above all, the need to finance the great part of de Lesseps's Suez Canal project meant that government expenditure rapidly began to outstrip current receipts. Said began to borrow heavily from local bankers and merchants, then (perhaps at de Lesseps's suggestion) to issue treasury bonds. Finally, in 1862, he obtained his first foreign loan. This was followed by many others until by 1875 Egypt had borrowed a nominal sum of nearly £100 million from Europe, of which the Treasury had actually obtained no more than £68 million.

David Landes has described this process from the European side: how the end of the railway boom in the 1840s was followed by the development of new financial institutions, notably the finance company, which were able to obtain large sums of money from new groups of investors; how the particular character of these institutions drove them to seek speculative outlets for their capital abroad; how European money was drawn to the Middle East by the lure of the fabulous rates of interest which, it was supposed, could be obtained from lending money to merchants and agriculturalists.⁸ Other writers, notably J. Bouvier, have described the way in which in the

8. D. Landes, *Bankers and Pashas* (London, Heinemann Education, 1958), pp. 47-68.

early 1870s, a number of French finance companies became heavily dependent on lending money to the Egyptian government.⁹

But how was the money borrowed from Europe used? In brief, Ismail had the same general aims as his grandfather, Muhammad Ali. These were: to build up a modern state, to assert Egypt's independence against both Turkey and Europe, and to diversify the economy. Unfortunately they proved to be mutually contradictory. All his efforts to use European capital to build up a state and an economy strong enough to withstand European pressures only led to increasing dependence on Europe. This can be seen clearly in his efforts to develop the economy. Here three factors were important. First, in so far as the money borrowed from Europe was put to good use and not just wasted it was employed in infrastructural investment of a type which could only benefit government revenue in the medium to long term. Meanwhile government efforts to raise more money from the land tax were thwarted by an inefficient system of collection and the fact that the bulk of the land was passing into the hands of powerful officials. In these circumstances, failure to meet interest payments on the foreign loans was inevitable. Second, efforts to diversify the economy were inhibited by the growing strength and importance of the cotton sector. As an ever-increasing proportion of Egypt's resources were being devoted to the production and export of this one crop it became more and more difficult to develop alternative forms of economic activity. The rich landed proprietors who grew cotton, the merchants who sold it, were all united in their efforts to defend their particular interests and to make sure that they were the first to benefit from expenditure of government money, changes in the legal system or any other aspect of state activity. Third, unlike the rulers of Japan after 1868 Ismail was unable to place any barriers between the Egyptian economy and that of Europe. His attempts to create a sugar industry, for example, were hindered by the fact that he was unable to prevent the import of cheap government-subsidised sugar from Russia and Germany. The result of all these three factors was Egypt's incorporation, as a producer of cotton and a market for manufactured goods, within the European economic system. However hard he may have striven for independence Ismail was destined to end up by serving the purposes of Europe.

9. 'Les intérêts financiers et la question d'Egypte (1875-76)', *Revue Historique*, 224, July-Sept., 1960.

2. Changes in the position of important social groups¹⁰

The transformation of the Egyptian economy during the nineteenth century led to significant changes in the position of a number of social groups. Four are of particular importance.

The foreign community. The number of Europeans in Egypt rose from approximately 8,000 to 10,000 in 1838 to over 90,000 in 1881. The majority were concerned with the production and export of cotton or with banking and finance. But there were a growing number who were employed by the government itself, either as officials or experts. By the end of the 1860s, for example, there were over a hundred Europeans in the police.¹¹ Later, as a result of the report of the Commission of Inquiry in 1878 over 1,300 foreign officials were brought into the administration.¹² The European community occupied a privileged position as a result of the Capitulations, the treaties governing the status of foreigners within the Ottoman Empire. Europeans were virtually beyond the scope of the Egyptian law until the introduction of the Mixed Courts in 1876. They imported goods at their own valuation. They could only be taxed with the greatest difficulty. In addition, with the support of their consuls, they became an increasingly powerful pressure group, committed to defending their own interests as bankers and exporters as well as, by virtue of their extensive holdings of Egyptian bonds, to ensuring that the government maintain payment of interest on the various loans.

Egyptian landed proprietors. The growth of a class of Egyptian landed proprietors came about in three ways. First, in the late 1830s and early 1840s much of the best land in Egypt was parcelled out in estates and placed under the control of members of the royal family and senior officials. Although some of these estates were taken back from their owners during the rule of Abbas (1849-54) a large number remained in private hands. At the same time many local notables, particularly the village shaikhs, were able to take advantage of their position as agents of the central government to obtain land for themselves. There was every incentive to do this, of course, once the production of cotton

10. cf. A. Abdel-Malek *Idéologie et Renaissance Nationale: L'Egypte Moderne* (Paris, 1969); I. Abu-Lughod 'The transformation of the Egyptian elite: prelude to the Urabi revolt', *Middle East Journal*, 21, (Summer, 1967); G. Baer *Studies in the Social History of Modern Egypt* (Univ. of Chicago Press, 1969); S. Nour Ed-Dine 'Conditions des fellahs en Egypte', *Revue d'Islam* (1898).

11. Stanton, 7 Oct. 1869: FO 78/2093 (Public Record Office, London).

12. Malet, 18 May 1882: FO 78/3436.

and other crops became increasingly profitable. Finally, during Ismail's reign palace favourites, army officers, bureaucrats and others were given land either as a gift or in lieu of a pension. Meanwhile, the ruler himself added extensively to the lands owned by the royal family until, at the end of his reign, he controlled something like a fifth of the whole cultivated area.

As yet no historian has been able to make a satisfactory distinction between landed proprietors of various types, but there is no doubt that, as a group, they occupied a particularly favourable position, often working their estates with *corvées* of local labour, diverting water from the canals to their own fields whenever they needed it, and paying lower taxes than their peasant neighbours. In addition, it was the landed proprietors who were the major beneficiaries of all the public money spent on digging new canals and building the railway system. It was they, as much as the European consuls, who were responsible for the abolition of Muhammad Ali's agricultural monopolies; they too who may well have put pressure on successive Egyptian governments to pass the laws necessary to create a system of private property in land.

For the most part the large and medium-sized estates created between 1840 and 1880 came from land formerly worked by peasants on their own account. The majority of these peasants remained as agricultural labourers in their villages, or were grouped together on the new estates in hamlets known as *ezbas*. Cotton production is particularly labour-intensive and the landed proprietors seem to have been concerned to maintain the old labour force more or less intact. These labourers were either paid in kind or, more usually, by being allowed to cultivate a tiny plot of land.

The bureaucrats. Efforts to create a modern state required an increasing number of civil servants. These were found at most levels, from among the graduates of Muhammad Ali's and Ismail's schools and from the many young Egyptians sent to Europe to study. As time went on the bureaucracy was subject to a process of rationalisation. Separate ministries were formed; jobs were made more specific; pensions were introduced. As a result there developed something which Abdel-Malek is certainly right to characterise as a special bureaucratic interest.¹³ Civil servants tended to share common ideas about the role of the state. Further, in the 1870s, they were more or less united in their

13. Abdel-Malek, pp. 420-3.

desire to prevent any increase in the numbers and the privileges of Europeans within the government service. On the other hand, it is often difficult to make a clear distinction between the bureaucrats as a group and the landowners, once the former began to be given estates of their own.

The Turco-Circassian ruling class. During the eighteenth century almost all the senior posts in government and in the army were held by a Turkish-speaking minority, the descendants of Mamluk slaves or of officials sent from Istanbul. Later, during the early nineteenth century many of them were replaced by Ottoman soldiers of fortune who had served in Muhammad Ali's army. In the course of time their importance as a separate group began to diminish, particularly once the administration became more 'Egyptianised' as a result of the increasing employment of native Egyptians and the regulations providing for the use of Arabic in the government service. Meanwhile, for their part, more and more of the Turco-Circassians married Egyptian wives, took up posts in the district administration or in other ways became more closely incorporated within Egyptian society. Nevertheless, their power and prestige was still resented particularly in the army where, in the 1870s they held every position above that of colonel.

3. Bankruptcy and occupation 1875-1882¹⁴

Egypt's bankruptcy in 1875 marked the beginning of a seven-year period of rapidly accelerating change in many areas of Egyptian government and society. A series of financial arrangements designed to ensure that the country paid its debts paved the way for increasing European control over the administration. This, in turn, provoked a strong Egyptian response, led first by Ismail, for which he was deposed in 1879, and then by a growing number of soldiers and officials. Finally, the emergence of a popular, national movement in 1881 and 1882 seemed sufficiently threatening to European interests to call for the occupation of Egypt by British troops.

Efforts to explain these developments generally concentrate, on the one hand, on tracing the genesis of the national movement; on the other, on seeking to discover what were the motives for increasing European intervention. This method has two major drawbacks.

14. cf. Abdel-Malek, ch 12, Bouvier, *op. cit.*; P. J. Vatikiotis, *The Modern History of Egypt*, (London, Weidenfeld & Nicolson, 1969), ch 6 and 7.

First, it encourages writers to ignore the socio-economic context in which these developments were taking place. Second, most accounts of the crisis, by concentrating either on the Egyptian or on the European side of the story, tend to underestimate the importance of the constant interaction between these two elements. What follows is an attempt to make a few brief points about the crisis in the light of these two considerations.

(a) The Egyptian national movement is best seen as a coalition of different groups all of which were, in some way, affected by the financial regime imposed on Egypt by its European creditors after the declaration of bankruptcy. These included the landowners (who were anxious to block the attempts being made by Egypt's European financial controllers to raise more revenue by increasing their taxes), the bureaucrats (disturbed by the numbers of Europeans being employed in the civil service), the Egyptian army officers (many of whom were threatened with premature retirement as a result of plans to economise on military expenditure), and the *ulama* or religious notables.

(b) In the late 1870s the fears of members of these four groups were encouraged by the Khedive Ismail for his own purposes but, just before his deposition in 1879, they began to cooperate more closely on the basis of a programme aimed at limiting the powers of the ruler by the introduction of a liberal constitution. This movement continued under Ismail's successor, Taufiq, even though it remained largely ineffectual until the summer of 1881. It was only when the civilian constitutionalists began to ally themselves more closely with the nationalist army officers led by Colonel Arabi that they obtained sufficient power to force a change of regime.

(c) The coalition of different interests which went to make up the Egyptian national movement was at its most cohesive in the last months of 1881 and the early part of 1882 when its strength was constantly being revived by the efforts of the British and French government to maintain Taufiq's failing authority. It also gained strength from a constant appeal to social groups which had previously had no part to play in the country's politics, notably the small landowners who were worried about the amount of land which was being seized for non-payment of debt following the introduction of a European type of mortgage law in 1876. Later, however, as the threat of European intervention became more real and as the leaders of the national movement became more successful in obtaining widespread

popular support, many of those with important economic interests to defend left the movement and went over to the side of the Khedive and the Europeans.

(d) From a European point of view a distinction must be made between the interests and activities of the British and French bondholders and the British and French governments. In the first few months after the announcement of Egypt's bankruptcy it was the bondholders, not their governments, who managed to patch up their differences sufficiently to obtain a financial settlement which would protect all their interests. This was the so-called Goschen-Joubart arrangement of 1877. It was only when this arrangement threatened to break down that the British and French governments intervened more directly, first by instituting a Commission of Enquiry into Egypt's financial situation, then by forcing Ismail to accept a cabinet containing two European ministers to implement the recommendation of the report. The next year they intervened again when it seemed that he was about to alter the existing arrangements.

(e) Anglo-French cooperation hid important differences of aim. On the whole the French were more anxious to protect the interests of their bondholders, the British to prevent the situation deteriorating to such an extent that another power might intervene in Egypt and thus stand across the route to India. Nevertheless, both governments were able to act in concert, first in support of a programme of upholding whatever financial arrangement had been made on the bondholder's behalf, then in 1882, in seeking to strengthen the authority of Egypt's ruler against the national movement. It was this last policy which led directly to the British occupation.

(f) Finally, the events of the years 1875 to 1882, cutting as they do across a period of rapid economic and social change, help to expose the essential nature of the transformation then taking place. The nature of the links which bound the Egyptian economy to that of Europe are clear; so too is the way in which they were reinforced by the presence of powerful groups within Egypt. Again, the composition of the national movement shows the extent of hostility to European encroachment present in almost all sections of Egyptian society, just as it also reveals something of the division between those who were prepared to resist further foreign intervention by force if necessary and those who were not.

4. Conclusion

What I have been trying to describe in this case study is a process

analysed in part by a number of theorists. Marx and Hobson have provided an account of the way in which Europe entered the non-European world by means of trade and the export of capital,¹⁵ while Rosa Luxemburg has written of the economic and social dislocation which this caused.¹⁶ Baran and others have described the process by which a country's enforced incorporation within the European economic system imposes a straightjacket on further development by forcing it to concentrate all its effort and resources on the export of primary produce.¹⁷ Hobson and Hilferding pointed to the way in which the expansion of Europe led, inevitably, to the creation of movements of national liberation.¹⁸

But I have also been trying to suggest, if only by implication, that a study of relations between Egypt and Europe in the nineteenth century reveals a number of areas in which existing theories give little guidance. Three of these are of more than usual importance. The first concerns the role of the European state and, in particular, its relations with its own business community. To take only one example, in the period after 1815 Britain, and, to a lesser extent, France, consciously used state power to open up the Eastern Mediterranean to their own trade. This process was marked, among other things, by the Anglo-Turkish Commercial Convention of 1838, which established what was virtually free trade for British and French goods in the area. Again, each state was willing to use its local representation to intervene on behalf of its own nationals in their pursuit of profit. One way of characterising these efforts might be to say that a primary aim of the capitalist state in the nineteenth century was to extend its own economic system—its own laws, its own commercial practices, its own pattern of relations between government and merchants and industrialists—out beyond its own borders. But too little work has been done on the relationship between economic and political power to be dogmatic. (See, however, Platt's 'Economic imperialism and the businessman: Britain and Latin America before 1914' ch. XIII below.)

A second area in which there is little theoretical guidance concerns the nature of the Egyptian state. Rosa Luxemburg's characterisation of it as an 'oriental despotism'¹⁹ is certainly misleading. For one thing

15. Marx, *Capital*, vol. I, pt viii, chs xxi and xxiii; Hobson, pp. 76–79.

16. Luxemburg, *The Accumulation of Capital* (London, Routledge, 1963), ch 29.

17. P. A. Baran, *The Political Economy of Growth* (New York, Monthly Review Press, 1962 edn) pp. 163 ff.

18. Hobson, p. 11; R. Hilferding *Das Finanzkapital* (Vienna, 1923), pp. 384–9.

19. Luxemburg, p. 358.

there is the fact that, throughout the nineteenth century, Egypt's rulers made continuous efforts to organise the machinery of government along more rational lines and to provide it with the expertise to carry out an increasing number of ever more complicated tasks. Again, in the sphere of ideology, there was the introduction into Egypt of the new and increasingly powerful European notions that growth was natural to an economy and that this growth could be encouraged by judicious state action. But did this also mean that Egypt was necessarily committed to a 'European' pattern of development along capitalist lines? The question remains an open one.

Finally, there are the problems posed by the attempt to analyse the changes produced in Egyptian society by the country's incorporation within a world economic system. How far, for instance, is it possible to talk about the creation of classes in Egypt before 1882? To some extent this is part of the general difficulty surrounding the use of such terms when talking about a pre-industrial society. It also stems from a situation peculiar to Egypt in which there was no definite category of 'landowner' and in which many of those who held agricultural estates were also merchants or bureaucrats or army officers or religious notables. In these circumstances it may be better to look at nineteenth-century Egyptian social development less in terms of classes, strictly defined, more in terms of the creation of a number of overlapping interest groups the members of which 'form a class only in so far as they have to carry on a common battle against another class'.²⁰

Nevertheless, these problems aside, the broad lines of the developing relationship between Egypt and Europe in the nineteenth century are clear. Once Muhammad Ali's attempts at economic autarchy had been brought to an end, the international division of labour rapidly asserted itself and Egypt was drawn into the world capitalist system as a producer of industrial raw materials, as a market for manufactured goods, and as a field for the investment of European capital. This, in turn, had a profound effect on the structure of Egyptian society and led, among other things, to the emergence of a movement of national protest and then to foreign occupation. The pattern is simple: the loss of economic independence not only preceded the loss of political independence, it also prepared the way for it.

20. Marx, *Pre-capitalist Economic Formations*, with an introduction by E. Hobsbawm, (London, Lawrence and Wishart, 1964), p. 132.