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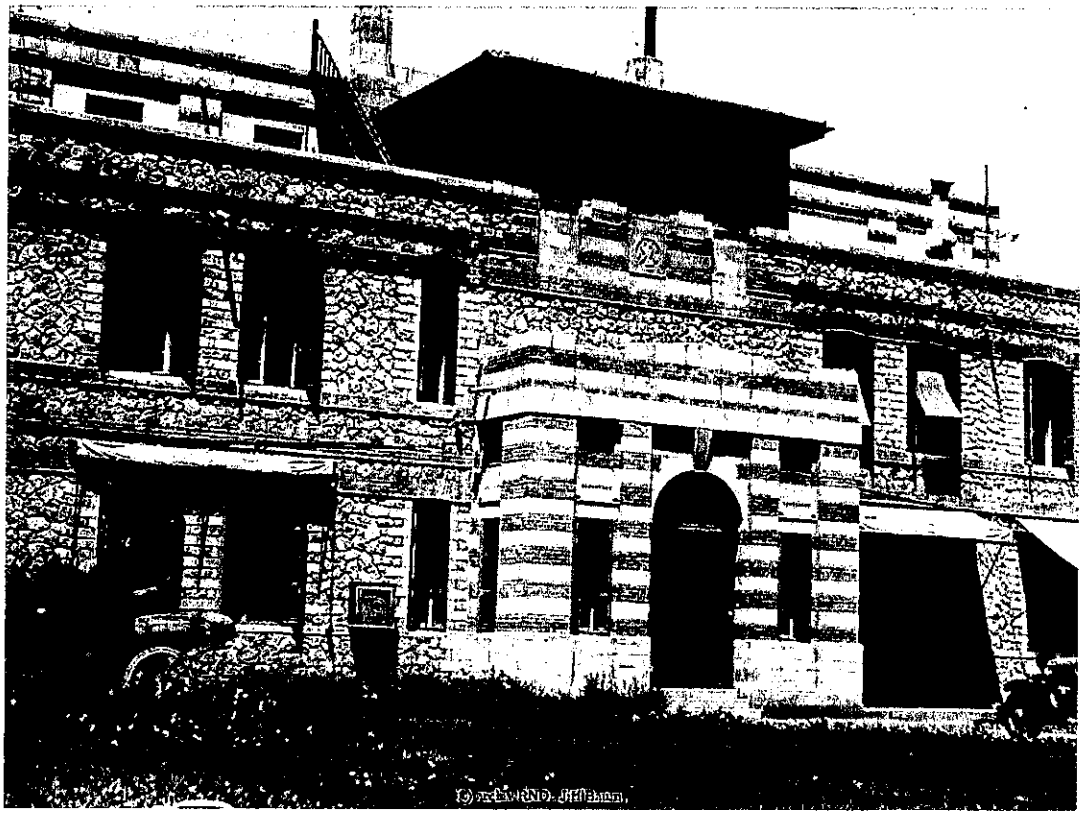
# How the American Civil War Built Egypt's Vaunted Cotton Industry and Changed the Country Forever

## The battle between the U.S. and the Confederacy affected global trade in astonishing ways



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By Peter Schwartzstein
smithsonian.com
August 1, 2016

When Confederate artillery opened up on the Union garrison at Fort Sumter in Charleston Harbor on April 12, 1861, it marked the beginning of an exceptionally bleak chapter in U.S history.

Over the next four years, roughly 700,000 Americans were killed, and millions of others were injured or made destitute. The south was reduced to a weakened state ravaged by war and no longer able to thrive on the free labor provided by the pernicious institution of slavery.

But for a number of fledgling countries and colonies across the world, America's loss was their great gain. As northern warships blockaded southern ports, closing them off to commercial shipping, the cotton plantations of the Confederacy struggled to export their 'white gold.' With the great textile mills of England now deprived of the lifeblood of their industry, 80 percent of which had previously come from the U.S, the price of cotton very soon went through the roof. Since the beginning of the Industrial Revolution, birthed in Britain, the United States and its former antagonist and overlord had symbiotically thrived on the massive revenues from the cotton trade, a titan of commerce reliant on the lives of the American South's enslaved population. Now, the Civil War imperilled everything for the moneymakers on both sides of the Atlantic Ocean.

It took just a couple of weeks after the outbreak of hostilities in South Carolina for farmers the world over to realize the scope of the bounty that had landed in their lap. Agricultural laborers from Australia and India to the West Indies ditched wheat and other food staples and hastily planted up their fields with cotton. Prices had risen by up to 150 percent. As soon as it became clear that England wouldn't enter the war as allies of the Confederacy, many farmers doubled down and gave over every scrap of their acreage to this enriching crop.

No one, however, seized on the opportunity quite like the Egyptians, who had just a few decades beforehand freed themselves from almost 300 years of direct Ottoman rule. Under the ambitious leadership of Muhammed Ali, an Albanian soldier who had seized power in 1805 and is widely considered the founder of modern Egypt, the country had already embraced cotton as a valuable cash crop. The discovery 40 years beforehand of a fine long-staple

variety by a visiting French engineer – a Monsieur Jumel – meant that Egypt was also well on its way to building a reputation for high-quality cotton, which linen-makers rave about to this day.

But now, with prices continuing to soar and desperation high in northern England as the mills of Manchester exhausted the excess supply left over from a bumper American harvest of 1860, authorities in Cairo moved with extraordinary speed to ramp up additional production.

In 1861, Egypt had only exported 600,000 cantars of cotton (a traditional measurement equal to about 100 pounds), but by 1863 it had more than doubled this to almost 1.3 million cantars, the New York Times reported at the time. By the end of the 19th century, Egypt derived 93 percent of its export revenues from cotton, which had also become "the major source of income for almost every proprietor in the Delta," writes Roger Owen in *Cotton and the Egyptian Economy*.

**Egypt goes forward – and backwards**

Looking back, it might seem as if there were a certainly inevitability to Egypt's capture of much of the American market share. With its foothold on the Mediterranean, it was much closer to Liverpool than its competitors, and to the ports at Marseille and Trieste, through which France and the Austro-Hungarian Empire funneled cotton north to their mills. And certainly few countries could rival the Nile Valley and Delta, once considered the breadbasket of the Roman Empire, for shear agricultural pedigree.

But it was above all through the force of will of Khedive Ismail, Muhammad Ali's equally driven grandson, that things really took off.

After assuming the throne in 1863, he presided over a massive program of public works, which included building much of the network of irrigation canals that farmers use to this day, and continuing his father's embrace of modern technology. In the 1850s, Egypt had become the first country outside Europe or the United States to have a railway, and Ismail pushed its expansion – and that of the telegram lines – well beyond Cairo and Alexandria. So determined was he to satisfy the needs of European cloth merchants that he even commandeered Nile barges to transport cotton downriver to the sea when floods temporarily cut off the railway tracks in 1863.

Initially, at least, it wasn't just the landowning and mercantile classes who benefited from this extraordinary boon. With their unexpected new prosperity, some villagers paid dowries or went on the pilgrimage to Mecca. "Others built houses; others again purchased silks, jewelry, silver, pipes, furniture and slaves," writes Owen.

But as the trade evolved, and cotton morphed into even more of a money-spinning opportunity, life for the *fellaheen* (peasants) took an unpleasant turn for the worse.

For just as the expansion in the trafficking of slaves to the southern United States is often explained in part by the pick up in cotton production, so too the arrival of this tremendously labor intensive crop in Egypt led to the introduction of a variation of the feudal system. Farmers who had previously spent much of their time planting land that was for all intents and purposes theirs, now found themselves pressed into work on large estates. Where once poorer townspeople had had access to cheap produce, soon they discovered that the cultivation of cotton at the expense of food meant much higher prices for fruits and vegetables.

"It explains child labor, it created seasonal labor [during the harvest]," says Mona Abaza, a professor at the American University in Cairo, whose book *The Cotton Plantation Remembered* recounts how her family built up great wealth through cotton. "It was very exploitative and is hard to look back at with any sentimentality."

**Cotton and Colonization**

Unsurprisingly, Egypt's newfound riches didn't escape the attention of enterprising tradespeople across Europe or the Levant either, many of whom were keen to share in the cotton spoils. Between February and August 1864 alone, 12,000 more foreigners arrived than left, Owen writes, with Greeks the largest group among them. Intent on securing business for their nationals, European governments rushed to open up missions throughout the Delta and Upper Egypt. Even Minya, a now struggling and somewhat isolated city to the south of Cairo, once boasted a U.S consulate due to its proximity to valuable cotton stocks.

This influx was in itself not terrible as the foreigners brought with them considerable expertise to a country still clawing its way back from centuries of stagnation. They also orchestrated much of the redevelopment of Alexandria, which had slumped badly in size and grandeur since the days of Cleopatra and the Ptolemies, and financed the construction of several Cairo neighborhoods, whose names still hark back to their cotton baron patrons.

But their arrival also coincided – and indirectly contributed – to a rash of poor decision-making among Egypt's ruling classes that was to eventually lead to the arrival of the British military on a long-term basis in 1882. Ismail was so intent on building up cotton infrastructure and transforming Cairo into a 'Paris on the Nile' that he encouraged the "establishment of banks like the Anglo-Egyptian from which he might borrow heavily in return for certain favors," writes Owen. Very soon he'd built up such big debts to mostly British and French creditors that he couldn't hope to ever pay them back. Additionally, the end of the American Civil War in 1865 led to a steep fall in global cotton prices as the U.S. crop came back on the market and proved particularly damaging for Egypt. It created a sharp budget deficit and ultimately a declaration of national bankruptcy a decade later

"I think you can say that the American Civil War – and the effects on cotton – made the British change their policy towards Egypt," says Mohamed Awad, director of the Alexandria & Mediterranean Research Center at the Bibliotheca Alexandrina. "Indirectly it was one of the main reasons for the occupation of Egypt."

As the overwhelmed Egyptian treasury bounded from one crisis to another, the European and Syro-Lebanese communities set about snapping up much of the cotton trade. By the time the Egyptian monarchy came crashing down in 1952, only two of the 35 registered cotton brokers at the Alexandria stock exchange were Egyptian, according to Samir Raafat, a Cairo historian.

**Egyptian cotton on its last legs**

Nowadays the great Egyptian cotton industry is a pale shadow of its former self. Very little of the celebrated long-staple cotton is still grown, and when it is, the country's own textile mills are no longer equipped to process it. The few remaining cotton plants of the Delta have completely given themselves over to dealing with the imported short-staple forms of the crop. But the stellar reputation of Egyptian cotton still holds, even though in the United States, linen manufacturers can use the name on products with just five percent of the Egyptian crop.

Last year, the Egyptian government announced it would end the cotton subsidies on which the few remaining cotton farmers rely, before a few months later changing tack and announcing that it would ban all cotton imports. This decision too was soon reversed. It's all part and parcel of an "industry that's in constant decline, with constant deterioration, and constant corruption," says Jano Charbel, a journalist and labor rights activist.

In the meantime, the infrastructure that cotton built continues its slow, sad decay. Much of the 19th-century irrigation network that crisscrosses the Delta is so clogged with trash that many farmers at the end of the canals complain that the Nile waters can't penetrate through. While in Alexandria, most of the cotton barons' mansions that once lined the seaside Corniche have fallen victim to ruthless developers.

It's fitting perhaps that a lingerie shop stocking cheap goods from Southeast Asia now inhabits part of the former headquarters of one of Egypt's leading cotton conglomerates in downtown Alexandria.

For just as the U.S inadvertently built Egypt's cotton industry, China with its cheap cotton exports appears to have more or less destroyed it.